

Summary of Financial Statements for the Six-month Period Ended September 30, 2023 (IFRS, Consolidated)

October 26, 2023

Takeda Pharmaceutical Company Limited

TSE Code: 4502

Representative: Christophe Weber, President & CEO

Contact: Christopher O'Reilly
Global Head of IR, Global Finance

Stock exchange listings: Tokyo, Nagoya, Fukuoka, Sapporo

URL: <https://www.takeda.com>

Telephone: +81-3-3278-2306 Email: takeda.ir.contact@takeda.com

Scheduled date of securities report submission: October 30, 2023

Scheduled date of dividend payment commencement: December 1, 2023

Supplementary materials for the financial statements: Yes

Presentation to explain the financial statements: Yes

(Million JPY, rounded to the nearest million)

1. Consolidated Financial Results for the Six-month Period Ended September 30, 2023 (April 1 to September 30, 2023)

(1) Consolidated Operating Results (year to date)

(Percentage figures represent changes over the same period of the previous year)

| | Revenue | | Operating profit | | Profit before tax | | Net profit for the period | |
|---|---------------|------|------------------|--------|-------------------|--------|---------------------------|--------|
| | (Million JPY) | (%) | (Million JPY) | (%) | (Million JPY) | (%) | (Million JPY) | (%) |
| Six-month Period Ended September 30, 2023 | 2,101,707 | 6.4 | 119,230 | (53.2) | 39,053 | (82.3) | 41,436 | (75.2) |
| Six-month Period Ended September 30, 2022 | 1,974,771 | 10.1 | 254,953 | (26.3) | 220,022 | (22.6) | 166,753 | (9.2) |

| | Net profit attributable to owners of the Company | | Total comprehensive income for the period | | Basic earnings per share | Diluted earnings per share |
|---|--|--------|---|--------|--------------------------|----------------------------|
| | (Million JPY) | (%) | (Million JPY) | (%) | (JPY) | (JPY) |
| Six-month Period Ended September 30, 2023 | 41,365 | (75.2) | 824,964 | (29.1) | 26.51 | 26.29 |
| Six-month Period Ended September 30, 2022 | 166,756 | (9.2) | 1,163,590 | 330.5 | 107.62 | 106.88 |

| | Core Operating Profit | | Core EPS |
|---|-----------------------|-------|----------|
| | (Billion JPY) | (%) | (JPY) |
| Six-month Period Ended September 30, 2023 | 588.8 | (5.8) | 261 |
| Six-month Period Ended September 30, 2022 | 625.2 | 28.7 | 288 |

(2) Consolidated Financial Position

| | Total assets (Million JPY) | Total equity (Million JPY) | Equity attributable to owners of the Company (Million JPY) | Ratio of equity attributable to owners of the Company to total assets (%) | Equity attributable to owners of the Company per share (JPY) |
|--------------------------|----------------------------|----------------------------|--|---|--|
| As of September 30, 2023 | 14,871,889 | 7,071,024 | 7,070,352 | 47.5 | 4,506.60 |
| As of March 31, 2023 | 13,957,750 | 6,354,672 | 6,354,122 | 45.5 | 4,087.49 |

2. Dividends

| | Annual dividends per share (JPY) | | | | |
|--|----------------------------------|-----------------|-----------------|----------|--------|
| | 1st quarter end | 2nd quarter end | 3rd quarter end | Year-end | Total |
| For the Fiscal Year Ended March 31, 2023 | — | 90.00 | — | 90.00 | 180.00 |
| For the Fiscal Year Ending March 31, 2024 | — | 94.00 | | | |
| For the Fiscal Year Ending March 31, 2024 (Projection) | | | — | 94.00 | 188.00 |

(Note) Modifications in the dividend projection from the latest announcement: None

3. Forecasts for Consolidated Operating Results (Actual Exchange Rate basis) for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentage figures represent changes from previous fiscal year)

| | Revenue | | Operating profit | | Profit before income taxes | | Net profit attributable to owners of the Company | | Basic earnings per share |
|---|---------------|-------|------------------|--------|----------------------------|--------|--|--------|--------------------------|
| | (Million JPY) | (%) | (Million JPY) | (%) | (Million JPY) | (%) | (Million JPY) | (%) | (JPY) |
| For the Fiscal Year Ending March 31, 2024 | 3,980,000 | (1.2) | 225,000 | (54.1) | 70,000 | (81.3) | 93,000 | (70.7) | 59.45 |

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: Yes

Forecasts for Core financial measures are shown below.

(Percentage figures represent changes from previous fiscal year)

| | Core Revenue | | Core Operating Profit | | Core EPS |
|---|---------------|-------|-----------------------|--------|----------|
| | (Million JPY) | (%) | (Million JPY) | (%) | (JPY) |
| For the Fiscal Year Ending March 31, 2024 | 3,980,000 | (1.2) | 1,015,000 | (14.6) | 447 |

(Note) Modifications in forecasts of consolidated operating results from the latest announcement: Yes

The definition of Core financial measures is stated in the Attachment.

4. Management Guidance (Constant Exchange Rate basis) for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

Takeda uses changes in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2024 (FY2023) has not been changed from the management guidance announced at the FY2022 financial results announcement on May 11, 2023.

| | Core Revenue Growth | Core Operating Profit Growth | Core EPS Growth |
|---|----------------------------|------------------------------|-------------------|
| | (%) | (%) | (%) |
| For the Fiscal Year Ending March 31, 2024 | Low-single-digit % decline | Low-10s % decline | Low-20s % decline |

The definition of Constant Exchange Rate change is stated in the Attachment.

▪ **Additional Information**

| | |
|---|----------------------|
| (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in the consolidation scope) | : No |
| (2) Changes in accounting policies and changes in accounting estimates | |
| 1) Changes in accounting policies required by IFRS | : No |
| 2) Changes in accounting policies other than 1) | : No |
| 3) Changes in accounting estimates | : No |
| (3) Number of shares outstanding (common stock) | |
| 1) Number of shares outstanding (including treasury stock) at period end: | |
| September 30, 2023 | 1,582,373,225 shares |
| March 31, 2023 | 1,582,296,025 shares |
| 2) Number of shares of treasury stock at period end: | |
| September 30, 2023 | 13,484,874 shares |
| March 31, 2023 | 27,767,213 shares |
| 3) Average number of outstanding shares (for the six-month period ended September 30): | |
| September 30, 2023 | 1,560,612,838 shares |
| September 30, 2022 | 1,549,478,885 shares |

▪ **This summary of quarterly financial statements is not subject to quarterly review by the external auditor**

▪ **Note to ensure appropriate use of forecasts and guidance, and other noteworthy items**

- Takeda applies International Financial Reporting Standards (IFRS), and the disclosure information in this document is based on IFRS.
- All forecasts and management guidance in this document are based on information currently available and assumptions to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecasts or guidance to be revised, Takeda will disclose it in a timely manner.
- For details of the forecasts for consolidated operating results and the management guidance, please refer to "1. Financial Highlights for the Six-month Period Ended September 30, 2023 (3) Outlook for the Fiscal Year Ending March 31, 2024" on page 10.
- Supplementary materials for the financial statements including the Quarterly Financial Report and Earnings Presentation of the conference call on October 26, 2023, and its audio will be promptly posted on Takeda's website.

(Takeda Website):

<https://www.takeda.com/investors/financial-results/>

Attachment Index

| | |
|---|------------------|
| <u>1. Financial Highlights for the Six-month Period Ended September 30, 2023</u> | <u>2</u> |
| <u>(1) Business Performance</u> | <u>2</u> |
| <u>(2) Consolidated Financial Position</u> | <u>7</u> |
| <u>(3) Outlook for the Fiscal Year Ending March 31, 2024</u> | <u>10</u> |
| <u>(4) Interim Dividend for Fiscal 2023</u> | <u>12</u> |
| <u>(5) Other</u> | <u>12</u> |
| | |
| <u>2. Condensed Interim Consolidated Financial Statements [IFRS] and Major Notes</u> | <u>13</u> |
| <u>(1) Condensed Interim Consolidated Statements of Profit or Loss</u> | <u>13</u> |
| <u>(2) Condensed Interim Consolidated Statements of Comprehensive Income</u> | <u>14</u> |
| <u>(3) Condensed Interim Consolidated Statements of Financial Position</u> | <u>15</u> |
| <u>(4) Condensed Interim Consolidated Statements of Changes in Equity</u> | <u>17</u> |
| <u>(5) Condensed Interim Consolidated Statement of Cash Flows</u> | <u>19</u> |
| <u>(6) Notes to Condensed Interim Consolidated Financial Statements</u> | <u>21</u> |

[Financial Appendix]

1. Financial Highlights for the Six-month Period Ended September 30, 2023

(1) Business Performance

(i) Consolidated Financial Results (April 1 to September 30, 2023)

| | FY2022 H1 | FY2023 H1 | Billion JPY or percentage | | |
|--|-----------|-----------|---|----------|----------|
| | | | Change versus the same period of the previous fiscal year | | |
| | | | AER | | CER |
| | | | Amount of Change | % Change | % Change |
| Revenue | 1,974.8 | 2,101.7 | 126.9 | 6.4 % | 1.4 % |
| Cost of sales | (598.3) | (664.7) | (66.4) | 11.1 % | 6.0 % |
| Selling, general and administrative expenses | (480.2) | (501.1) | (20.9) | 4.3 % | (0.8)% |
| Research and development expenses | (297.8) | (346.7) | (48.9) | 16.4 % | 9.6 % |
| Amortization and impairment losses on intangible assets associated with products | (273.6) | (369.7) | (96.0) | 35.1 % | 25.8 % |
| Other operating income | 13.5 | 9.9 | (3.6) | (26.7)% | (27.6)% |
| Other operating expenses | (83.4) | (110.2) | (26.9) | 32.2 % | 27.1 % |
| Operating profit | 255.0 | 119.2 | (135.7) | (53.2)% | (50.6)% |
| Finance income and (expenses), net | (33.6) | (81.8) | (48.2) | 143.7 % | 147.9 % |
| Share of profit (loss) of investments accounted for using the equity method | (1.4) | 1.6 | 3.0 | — | — |
| Profit before tax | 220.0 | 39.1 | (181.0) | (82.3)% | (79.8)% |
| Income tax (expenses) benefit | (53.3) | 2.4 | 55.7 | — | (86.0)% |
| Net profit for the period | 166.8 | 41.4 | (125.3) | (75.2)% | (77.8)% |

In this section, when comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to (ii) Core Results (April 1 to September 30, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition of “Constant Exchange Rate change”.

Revenue

Revenue for the six-month period ended September 30, 2023 was JPY 2,101.7 billion (JPY +126.9 billion and +6.4% AER, +1.4% CER). The increase is primarily attributable to favorable foreign exchange rates and growth from business momentum of our five key business areas (i.e. Gastroenterology (“GI”), Rare Diseases, Plasma-Derived Therapies (“PDT”) Immunology, Oncology, and Neuroscience), with the exception of Oncology which was impacted by generic erosion and intensified competition on certain products in the current period. In addition, revenue outside of our five key business areas decreased mainly due to lower revenue contribution from COVID-19 vaccines in Japan.

Revenue by Geographic Region

The following shows revenue by geographic region:

| | FY2022 H1 | FY2023 H1 | Billion JPY or percentage | | |
|------------------------|-----------|-----------|---|----------|----------|
| | | | Change versus the same period of the previous fiscal year | | |
| | | | AER | | CER |
| | | | Amount of Change | % Change | % Change |
| Revenue: | | | | | |
| Japan | 261.4 | 228.5 | (32.8) | (12.6)% | (12.8)% |
| United States | 1,032.5 | 1,104.8 | 72.2 | 7.0 % | 0.1 % |
| Europe and Canada | 409.0 | 460.0 | 51.0 | 12.5 % | 3.4 % |
| Asia (excluding Japan) | 105.7 | 123.3 | 17.6 | 16.6 % | 14.4 % |
| Latin America | 83.3 | 92.1 | 8.8 | 10.6 % | 15.8 % |
| Russia/CIS | 37.8 | 31.1 | (6.7) | (17.8)% | (4.5)% |
| Other*1 | 45.1 | 62.0 | 16.9 | 37.4 % | 44.0 % |
| Total | 1,974.8 | 2,101.7 | 126.9 | 6.4 % | 1.4 % |

*1 Other includes the Middle East, Oceania and Africa.

Revenue by Business Area

The following shows revenue by business area:

| | Billion JPY or percentage | | | | |
|-------------------------|---------------------------|----------------|---|--------------|--------------|
| | FY2022 H1 | FY2023 H1 | Change versus the same period of the previous fiscal year | | |
| | | | AER | CER | |
| Revenue: | | | Amount of Change | % Change | % Change |
| GI | 546.4 | 596.9 | 50.5 | 9.2 % | 3.0 % |
| Rare Diseases | 362.2 | 381.0 | 18.7 | 5.2 % | 1.9 % |
| Rare Hematology | 155.7 | 152.7 | (3.0) | (1.9)% | (5.7)% |
| Rare Genetics and Other | 206.5 | 228.2 | 21.7 | 10.5 % | 7.6 % |
| PDT Immunology | 314.0 | 388.4 | 74.4 | 23.7 % | 17.2 % |
| Oncology | 225.3 | 225.2 | (0.1) | (0.1)% | (3.0)% |
| Neuroscience | 302.3 | 330.7 | 28.4 | 9.4 % | 3.2 % |
| Other | 224.6 | 179.6 | (44.9) | (20.0)% | (23.1)% |
| Total | 1,974.8 | 2,101.7 | 126.9 | 6.4 % | 1.4 % |

Year-on-year change in revenue for this six-month period in each of our business areas was primarily attributable to the following products:

GI

In GI, revenue was JPY 596.9 billion (JPY +50.5 billion and +9.2% AER, +3.0% CER).

Sales of ENTYVIO (for ulcerative colitis (“UC”) and Crohn’s disease (“CD”)) were JPY 391.7 billion (JPY +45.1 billion and +13.0% AER, +5.8% CER). Sales in the U.S. were JPY 271.1 billion (JPY +27.3 billion and +11.2% AER). The increase was due to favorable foreign exchange rates and demand in the first line biologic inflammatory bowel disease (“IBD”) population primarily in UC. Sales in Europe and Canada were JPY 92.0 billion (JPY +13.2 billion and +16.7% AER). The increase was primarily due to favorable foreign exchange rates and new patient gains by an increased use of the subcutaneous formulation.

Sales of GATTEX/REVESTIVE (for short bowel syndrome) were JPY 58.9 billion (JPY +10.5 billion and +21.6% AER, +15.5% CER). The increase was primarily due to increased demand across all regions, expansion activities (infant indication label expansion and geographic expansion), and favorable exchange rates.

Sales of TAKECAB/VOCINTI (for acid-related diseases) were JPY 58.8 billion (JPY +4.1 billion and +7.5% AER, +6.9% CER). The increase was primarily due to increased sales in Japan and the Growth and Emerging Markets including Brazil and China.

Sales of DEXILANT (for acid reflux disease) were JPY 23.2 billion (JPY -14.8 billion and -39.0% AER, -43.1% CER). The decrease was due to the loss of exclusivity and the termination of the authorized generics program in the U.S.

Rare Diseases

In Rare Diseases, revenue was JPY 381.0 billion (JPY +18.7 billion and +5.2% AER, +1.9% CER).

Revenue of Rare Hematology was JPY 152.7 billion (JPY -3.0 billion and -1.9% AER, -5.7% CER).

Sales of FEIBA (for hemophilia A and B) were JPY 19.8 billion (JPY -1.5 billion and -7.0% AER, -10.7% CER). The decrease was primarily due to competition in Brazil.

Aggregate sales of plasma-derived human coagulation factor products, HEMOFIL (for hemophilia A), IMMUNATE (for hemophilia A), and IMMUNINE (for hemophilia B) were JPY 9.3 billion (JPY -1.3 billion and -12.5% AER, -16.4% CER). The decrease was primarily due to decreased sales in the Growth and Emerging Markets.

Sales of ADYNOVATE/ADYNOVI (for hemophilia A) were JPY 33.5 billion (JPY -0.9 billion and -2.7% AER, -6.5% CER). The decrease was primarily due to negative impacts from competition in the U.S.

Sales of VONVENDI (for von Willebrand disease) were JPY 7.4 billion (JPY +1.5 billion and +26.0% AER, +17.3% CER). The increase was primarily due to increased demand in the U.S.

Revenue of Rare Genetics and Other was JPY 228.2 billion (JPY +21.7 billion and +10.5% AER, +7.6% CER).

Sales of TAKHZYRO (for hereditary angioedema) were JPY 87.1 billion (JPY +14.3 billion and +19.6% AER, +13.1% CER). The continued growth was attributable to sustained launch momentum, expansion into new patient populations such as pediatrics, rising diagnosis rates, the growth of the prophylactic market, and favorable exchange rates.

Sales of LIVTENCITY (for post-transplant cytomegalovirus (“CMV”) infection/disease) were JPY 8.3 billion (JPY +4.1 billion and +96.9% AER, +83.2% CER). The increase was primarily attributable to strong market penetration and successful launch performance in the U.S., complemented by continued geographical expansion in Europe.

Sales of enzyme replacement therapy ELAPRASE (for Hunter syndrome) were JPY 45.7 billion (JPY +3.3 billion and +7.7% AER, +6.3% CER). The increase was primarily due to strong demand in the Growth and Emerging Markets.

PDT Immunology

In PDT Immunology, revenue was JPY 388.4 billion (JPY +74.4 billion and +23.7% AER, +17.2% CER).

Aggregate sales of immunoglobulin products were JPY 309.2 billion (JPY +64.1 billion and +26.2% AER, +19.0% CER). Sales of each of our three global immunoglobulin brands marked double digit percentage of revenue growth, due to continued strong demand globally and growing supply, as well as favorable foreign exchange rates. Those include GAMMAGARD LIQUID/KIOVIG (for the treatment of primary immunodeficiency (“PID”) and multifocal motor neuropathy (“MMN”)), and subcutaneous immunoglobulin therapies (CUVITRU and HYQVIA) which are growing due to their benefit to patients and convenience in administration compared to intravenous therapies.

Aggregate sales of albumin products including HUMAN ALBUMIN and FLEXBUMIN (both primarily used for hypovolemia and hypoalbuminemia) were JPY 58.9 billion (JPY +7.2 billion and +13.9% AER, +10.9% CER). The increase was primarily driven by strong albumin demand in China.

Oncology

In Oncology, revenue was JPY 225.2 billion (JPY -0.1 billion and -0.1% AER, -3.0% CER).

Sales of VELCADE (for multiple myeloma) were JPY 2.9 billion (JPY -17.9 billion and -86.0% AER, -87.0% CER). The decrease was due to generic erosion in the U.S.

Sales of ADCETRIS (for malignant lymphomas) were JPY 54.3 billion (JPY +12.6 billion and +30.1% AER, +29.3% CER). The increase was led by strong growth in Growth and Emerging Markets.

Sales of ALUNBRIG (for small-cell lung cancer) were JPY 13.7 billion (JPY +4.0 billion and +41.2% AER, +36.2% CER). The increase benefited from strong demand across all regions.

Neuroscience

In Neuroscience, revenue was JPY 330.7 billion (JPY +28.4 billion and +9.4% AER, +3.2% CER).

Sales of VYVANSE/ELVANSE (for attention deficit hyperactivity disorder (“ADHD”)) were JPY 226.3 billion (JPY +15.0 billion and +7.1% AER, +0.7% CER). Despite the growth of the adult market and favorable foreign exchange rates, these impacts were predominantly offset by multiple generic entrants in the U.S. starting from late August of this year.

Sales of ADDERALL XR (for ADHD) were JPY 22.6 billion (JPY +10.1 billion and +80.3% AER, +68.1% CER). The increase was primarily due to a shortage of generic versions of the instant release formulation marketed by competitors in the U.S.

Cost of Sales

Cost of Sales was JPY 664.7 billion (JPY +66.4 billion and +11.1% AER, +6.0% CER). The increase was primarily due to revenue growth in our five key business area with a change in product mix and the depreciation of Japanese yen as compared to the same period of the previous fiscal year. This was partially offset by a decrease in non-cash charges related to the unwind of the fair value step up on acquired inventories recognized in connection with the acquisition of Shire.

Selling, General and Administrative (SG&A) expenses

SG&A expenses were JPY 501.1 billion (JPY +20.9 billion and +4.3% AER, -0.8% CER). The increase was mainly due to the impact from the depreciation of Japanese yen.

Research and Development (R&D) expenses

R&D expenses were JPY 346.7 billion (JPY +48.9 billion and +16.4% AER, +9.6% CER). The increase was mainly due to various investments in pipeline programs and the impact from the depreciation of Japanese yen.

Amortization and Impairment Losses on Intangible Assets Associated with Products

Amortization and Impairment Losses on Intangible Assets Associated with Products was JPY 369.7 billion (JPY +96.0 billion and +35.1% AER, +25.8% CER). The increase was mainly due to an increase in impairment charges for certain assets related to in-process R&D and marketed products and an increase of amortization expenses due to the depreciation of Japanese yen. The JPY 115.8 billion impairment losses recorded in the current period primarily includes JPY 74.0 billion impairment charges for ALOFISEL (for complex Crohn's perianal fistulas) following topline results of phase 3 ADMIRE-CD II trial and JPY 28.5 billion impairment charges following a decision to voluntarily withdraw EXKIVITY (for non-small cell lung cancer) globally.

Other Operating Income

Other Operating Income was JPY 9.9 billion (JPY -3.6 billion and -26.7% AER, -27.6% CER).

Other Operating Expenses

Other Operating Expenses were JPY 110.2 billion (JPY +26.9 billion and +32.2% AER, +27.1% CER). The increase was primarily driven by increases in reserves and provisions, including for certain legal proceedings, and restructuring expenses.

Operating Profit

As a result of the above factors, Operating Profit was JPY 119.2 billion (JPY -135.7 billion and -53.2% AER, -50.6% CER).

Net Finance Expenses

Net Finance Expenses were JPY 81.8 billion (JPY +48.2 billion and +143.7% AER, +147.9% CER). The increase of Net Finance Expenses compared to the same period of the previous year was primarily due to a decrease in financial income reflecting gains from acquisitions of prior equity method companies and other income and gains recorded in the same period of the previous fiscal year.

Share of Profit of Investments Accounted for Using the Equity Method

Share of Profit of Investments Accounted for Using the Equity Method was JPY 1.6 billion (JPY +3.0 billion, compared to Share of Loss of Investments Accounted for Using the Equity Method of JPY 1.4 billion).

Income Tax (Expenses) Benefit

Income Tax Benefit was JPY 2.4 billion (JPY +55.7 billion, compared to Income Tax Expenses of JPY 53.3 billion, -86.0% CER). The increase was primarily due to a tax expense reduction of JPY 63.5 billion resulting from the reversal of the income taxes payable in excess of the settlement with Irish Revenue Commissioners with respect to a tax assessment related to the treatment of an acquisition break fee Shire received from AbbVie, Inc. (AbbVie) in 2014 as well as lower pretax earnings. These increases were partially offset by the tax charges from the write-down of deferred tax assets in the current period.

Net Profit for the Period

Net Profit for the Period was JPY 41.4 billion (JPY -125.3 billion and -75.2% AER, -77.8% CER).

(ii) Core Results (April 1 to September 30, 2023)

Definition of Core financial measures and Constant Exchange Rate change

Takeda uses the concept of Core financial measures for measuring financial performance. These measures are not defined by International Financial Reporting Standards (IFRS).

Core Revenue represents revenue adjusted to exclude significant items unrelated to Takeda's core operations.

Core Operating Profit represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs.

Core EPS represents net profit adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

Constant Exchange Rate (CER) change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating Reported or Core results for the current period using corresponding exchange rates in the same period of the previous fiscal year.

Results of Core Operations

| | Billion JPY or percentage | | | | |
|-----------------------|----------------------------------|-----------|---|----------|----------|
| | FY2022 H1 | FY2023 H1 | Change versus the same period of the previous fiscal year | | |
| | | | AER | | CER |
| | | | Amount of Change | % change | % change |
| Core Revenue | 1,974.8 | 2,101.7 | 126.9 | 6.4 % | 1.4 % |
| Core Operating Profit | 625.2 | 588.8 | (36.4) | (5.8)% | (9.5)% |
| Core EPS (JPY) | 288 | 261 | (27) | (9.4)% | (14.4)% |

Core Revenue

Core Revenue for the six-month period ended September 30, 2023 was JPY 2,101.7 billion (JPY +126.9 billion and +6.4% AER, +1.4% CER). There were no significant items unrelated to Takeda's core operations excluded from revenue in the current period or in the same period of the previous fiscal year, and, accordingly, Core Revenue for these periods is the same as Reported Revenue. Business momentum was led by Takeda's Growth and Launch Products* which totaled JPY 875.9 billion (JPY +143.1 billion and +19.5% AER, +12.7% CER).

- * Takeda's Growth and Launch Products
GI: ENTYVIO, ALOFISEL
Rare Diseases: TAKHZYRO, LIVTENCITY
PDT Immunology: Immunoglobulin products including GAMMAGARD LIQUID/KIOVIG, HYQVIA, and CUVITRU,
Albumin products including HUMAN ALBUMIN and FLEXBUMIN
Oncology: ALUNBRIG, EXKIVITY (Takeda decided to voluntarily withdraw the product globally)
Other: QDENGGA

Core Operating Profit

Core Operating Profit for the current period was JPY 588.8 billion (JPY -36.4 billion and -5.8% AER, -9.5% CER). The decrease was primarily due to a change in product mix and investments in various pipeline programs and data and technology.

Core EPS

Core EPS for the current period was JPY 261 (JPY -27 and -9.4% AER, -14.4% CER).

(2) Consolidated Financial Position

The amount of change from the previous fiscal year-end is presented based on Actual Exchange Rates.

Assets.

Total Assets as of September 30, 2023 were JPY 14,871.9 billion (JPY +914.1 billion). The increases of Goodwill, Property, Plant and Equipment, Inventories, and Intangible Assets (JPY +510.3 billion, JPY +202.9 billion, JPY +169.4 billion, and JPY +132.8 billion, respectively) were mainly due to the effect of foreign currency translation. These increases were partially offset by a decrease in Cash and Cash Equivalents (JPY -215.5 billion).

Liabilities.

Total Liabilities as of September 30, 2023 were JPY 7,800.9 billion (JPY +197.8 billion). Bonds and Loans were JPY 4,679.2 billion* (JPY +296.9 billion), which increased primarily due to the effect of foreign currency translation and the issuance of commercial paper. In addition, Other Financial Liabilities increased (JPY +162.6 billion) primarily due to increased lease liabilities in the U.S. These increases were partially offset by a decrease in Trade and Other Payables (JPY -228.2 billion) due to payments for the remaining upfront payment related to the acquisition of TAK-279 from Nimbus Therapeutics, LLC (Nimbus) and the exclusive license agreement with HUTCHMED (China) Limited (HUTCHMED).

* The carrying amount of Bonds was JPY 3,931.9 billion and Loans was JPY 747.4 billion as of September 30, 2023. Breakdown of Bonds and Loans' carrying amount is as follows.

Bonds:

| Name of Bond (Face Value if Denominated in Foreign Currency) | Issuance | Maturity | Carrying Amount (Billion JPY) |
|---|-----------------|----------------------------------|--|
| Unsecured US dollar denominated senior notes (USD 1,301 million) | June 2015 | June 2025 ~ June 2045 | 194.8 |
| Unsecured US dollar denominated senior notes (USD 3,000 million) | September 2016 | September 2026 | 430.0 |
| Unsecured Euro denominated senior notes (EUR 3,000 million) | November 2018 | November 2026 ~ November 2030 | 472.0 |
| Unsecured US dollar denominated senior notes (USD 2,250 million) | November 2018 | November 2023 ~ November 2028 | 333.9 |
| Hybrid bonds (subordinated bonds) | June 2019 | June 2079 | 499.2 |
| Unsecured US dollar denominated senior notes (USD 7,000 million) | July 2020 | March 2030 ~ July 2060 | 1,036.7 |
| Unsecured Euro denominated senior notes (EUR 3,600 million) | July 2020 | July 2027 ~ July 2040 | 565.8 |
| Unsecured JPY denominated senior bonds | October 2021 | October 2031 | 249.5 |
| Commercial paper | September 2023 | December 2023 | 150.0 |
| Total | | | 3,931.9 |

Loans:

| Name of Loan (Face Value if Denominated in Foreign Currency) | Execution | Maturity | Carrying Amount (Billion JPY) |
|---|----------------------------|----------------------------|----------------------------------|
| Syndicated loans | April 2016 | April 2026 | 100.0 |
| Syndicated loans | April 2017 | April 2027 | 113.5 |
| Syndicated loans (USD 1,500 million) | April 2017 | April 2027 | 223.4 |
| Syndicated loans | April 2023 | April 2030 | 100.0 |
| Bilateral loans | March 2016 ~ March 2023 | April 2024 ~ March 2029 | 210.0 |
| Other | | | 0.5 |
| Total | | | 747.4 |

On April 26, 2023, Takeda repaid JPY 100.0 billion in Syndicated Loans falling due and on the same day entered into new Syndicated Loans of JPY 100.0 billion maturing on April 26, 2030. Following this, Takeda redeemed USD 1,000 million of unsecured senior notes issued in September 2016 on their maturity date of September 23, 2023. Furthermore, Takeda had short term commercial paper drawings outstanding of JPY 150.0 billion as at September 30, 2023.

Equity.

Total Equity as of September 30, 2023 was JPY 7,071.0 billion (JPY +716.4 billion). The increase of Other Components of Equity (JPY +779.8 billion) was mainly due to fluctuation in currency translation adjustments reflecting the depreciation of Japanese yen. This increase was partially offset by a decrease in Retained Earnings (JPY -95.1 billion) mainly due to the decrease of JPY 140.1 billion related to dividends payments while Net Profit for the Period contributed to an increase.

Consolidated Cash Flows

| | Billion JPY | |
|---|-------------|-----------|
| | FY2022 H1 | FY2023 H1 |
| Net cash from (used in) operating activities | 305.2 | 291.3 |
| Net cash from (used in) investing activities | (121.9) | (327.1) |
| Net cash from (used in) financing activities | (267.6) | (198.4) |
| Net increase (decrease) in cash and cash equivalents | (84.3) | (234.2) |
| Cash and cash equivalents at the beginning of the year | 849.7 | 533.5 |
| Effects of exchange rate changes on cash and cash equivalents | 32.7 | 18.8 |
| Cash and cash equivalents at the end of the period | 798.1 | 318.1 |

The amount of change from the same period of the previous fiscal year is presented based on Actual Exchange Rates.

Net cash from operating activities

Net cash from operating activities for the current period was JPY 291.3 billion (JPY -13.9 billion). The decrease was due to unfavorable impacts from a lower net profit for the period adjusted for non-cash items and other adjustments, along with an increase in Income taxes paid. These were partially offset by a favorable net impact from Changes in assets and liabilities and other changes.

Net cash used in investing activities

Net cash used in investing activities was JPY 327.1 billion (JPY +205.2 billion). This increase was mainly due to an increase in Acquisition of intangible assets related to the acquisition of TAK-279 from Nimbus and the exclusive license agreement with HUTCHMED.

Net cash used in financing activities

Net cash used in financing activities was JPY 198.4 billion (JPY -69.2 billion). The decrease was mainly due to a net increase in commercial paper drawings of JPY 110.0 billion and the settlement of cross currency interest rate swaps related to bonds during the current period. These were partially offset by the redemption of USD 1,000 million of unsecured senior notes issued in September 2016 on their maturity date of September 23, 2023.

(3) Outlook for the Fiscal Year Ending March 31, 2024

The full year consolidated reported forecast for the fiscal year ending March 31, 2024 (FY2023) has been revised from the previous forecast (announced on May 11, 2023), as follows:

Consolidated Reported Forecast for the Fiscal Year Ending March 31, 2024 (FY2023)

| | Billion JPY or percentage | | | |
|--|-------------------------------------|--|----------------------------------|---------|
| | Original Forecast (May 11, 2023) | Revised Forecast (October 26, 2023) | Change vs. the Original Forecast | |
| Revenue | 3,840.0 | 3,980.0 | 140.0 | 3.6 % |
| Operating profit | 349.0 | 225.0 | (124.0) | (35.5)% |
| Profit before tax | 185.0 | 70.0 | (115.0) | (62.2)% |
| Net profit for the year (attributable to owners of the Company) | 142.0 | 93.0 | (49.0) | (34.5)% |
| EPS (JPY) | 90.75 | 59.45 | (31.3) | (34.5)% |
| Core Revenue | 3,840.0 | 3,980.0 | 140.0 | 3.6 % |
| Core Operating Profit | 1,015.0 | 1,015.0 | — | — % |
| Core EPS (JPY) | 434 | 447 | 13.0 | 3.1 % |

[Revenue]

Takeda expects FY2023 revenue to be JPY 3,980.0 billion, an increase of JPY 140.0 billion, or 3.6%, from the original forecast. This is predominantly due to changes in the assumptions of foreign exchange rates reflecting the trend towards depreciation of the yen.

[Operating Profit]

Operating Profit forecast has been decreased by JPY 124.0 billion, or 35.5%, to JPY 225.0 billion. This is mainly due to a revised assumption of impairment losses on intangible assets associated with products, reflecting the FY2023 H1 actual results in which Takeda recorded impairment losses for ALOFISEL and EXKIVITY. Other Operating Expenses has also been updated to include the effect of provisions recorded in FY2023 H1 not known at the time of and therefore not included in the original forecast.

Core Operating Profit, adjusted to exclude items unrelated to Takeda's core operations, remains unchanged from the original forecast of JPY 1,015.0 billion.

[Net profit for the year (attributable to owners of the Company)]

Net profit for the year (attributable to owners of the Company) forecast has been decreased by JPY 49.0 billion, or 34.5%, to JPY 93.0 billion. An impact of the decrease of profit before tax is expected to be mostly offset by the tax expense reduction recorded in FY2023 H1 for the amount of JPY 63.5 billion, which resulted from a settlement with the Irish Revenue Commissioners over the tax assessment of an acquisition break fee Shire received in 2014.

Reported EPS is expected to be JPY 59.45, a decrease of 34.5%, and Core EPS is expected to be JPY 447, an increase of 3.1%.

Major assumptions used in preparing the FY2023 Revised Reported Forecast

| | Original Forecast (May 11, 2023) | | Billion JPY or percentage Revised Forecast (October 26, 2023) | |
|--|-------------------------------------|--------------------|---|--------------------|
| | | | | |
| FX rates (JPY) | USD/JPY | 131 | USD/JPY | 137 |
| | EUR/JPY | 141 | EUR/JPY | 145 |
| | RUB/JPY | 1.9 | RUB/JPY | 1.6 |
| | BRL/JPY | 25.9 | BRL/JPY | 28.5 |
| | CNY/JPY | 19.5 | CNY/JPY | 19.8 |
| R&D expenses | | (643.0) | | (680.0) |
| Amortization of intangible assets associated with products | | (480.0) | | (500.0) |
| Impairment of intangible assets associated with products | | (50.0) | | (120.0) |
| Other operating income | | 14.0 | | 14.0 |
| Other operating expenses | | (150.0) | | (180.0) |
| Other Core Operating Profit adjustments | | — | | 4.0 |
| Finance income and (expenses), net | | (165.0) | | (157.0) |
| Free cash flow* | | 400.0 - 500.0 | | 400.0 - 500.0 |
| Capital expenditures (cash flow base)* | | (480.0 - 530.0) | | (480.0 - 530.0) |
| Depreciation and amortization (excluding intangible assets associated with products) | | (170.0) | | (180.0) |
| Cash tax rate on adjusted EBITDA (excluding divestitures) | | Mid-to-high teen % | | Mid-to-high teen % |

* Revised Forecast reflects expenditures related to the acquisition of TAK-279 from Nimbus (JPY 134.1 billion) and in-licensing of fruquintinib from HUTCHMED (JPY 55.1 billion).

Management Guidance

Takeda uses changes in Core Revenue, Core Operating Profit and Core EPS at Constant Exchange Rate (CER) basis as its Management Guidance. The full year management guidance for the fiscal year ending March 31, 2024 (FY2023) has not been changed from the management guidance announced at the FY2022 financial results announcement on May 11, 2023.

| | FY2023 Management Guidance CER % Change* |
|-----------------------|---|
| Core Revenue | Low-single-digit % decline |
| Core Operating Profit | Low-10s % decline |
| Core EPS | Low-20s % decline |

* Please refer to 1. Financial Highlights for the Six-month Period Ended September 30, 2023, (1) Business Performance, (ii) Core Results (April 1 to September 30, 2023), Definition of Core financial measures and Constant Exchange Rate change, for the definition.

Forward looking statements

All forecasts in this document are based on information and assumptions currently available to management, and do not represent a promise or guarantee to achieve these forecasts. Various uncertain factors could cause actual results to differ, such as changes in the business environment and fluctuations in foreign exchange rates. Should any significant event occur which requires the forecast to be revised, Takeda will disclose it in a timely manner.

(4) Interim Dividend for Fiscal 2023

Takeda maintains its annual dividend projection of JPY 188 per share.

For the six-month period ended September 30, 2023, Takeda's Board of Directors approved the payment of an interim dividend of JPY 94 per share. The dividend will be paid on December 1, 2023.

(5) Other

Tax Assessment Settlement with Irish Revenue Commissioners

Shire received a tax assessment from the Irish Revenue Commissioners (“Irish Revenue”) on November 28, 2018 for EUR 398 million. This assessment relates to the tax treatment of the USD 1,635 million break fee Shire received from AbbVie in connection with the terminated offer to acquire Shire made by AbbVie in 2014. Shire was acquired by Takeda in January 2019. Takeda appealed the assessment to the Tax Appeals Commission (“TAC”) and the appeal was heard by the TAC in late 2020. On July 30, 2021, Takeda received a ruling on the matter from the TAC, with the TAC ruling in favor of the Irish Revenue and recorded an income taxes payable for the case. Subsequently, on October 17, 2023, Takeda agreed with the Irish Revenue to settle the tax assessment for EUR 130 million including interest and without penalties, as a full and final settlement of all liabilities in relation to the receipt of the break fee. As a result, Takeda reversed its income taxes payable in excess of the settlement amount of EUR 130 million and recorded JPY 63.5 billion reduction to tax expenses.

2. Condensed Interim Consolidated Financial Statements [IFRS] and Major Notes

(1) Condensed Interim Consolidated Statements of Profit or Loss

| | JPY (millions, except per share data) | |
|--|--|-------------|
| | Six-month Period Ended September 30, | |
| | 2022 | 2023 |
| Revenue | 1,974,771 | 2,101,707 |
| Cost of sales | (598,327) | (664,696) |
| Selling, general and administrative expenses | (480,214) | (501,065) |
| Research and development expenses | (297,752) | (346,687) |
| Amortization and impairment losses on intangible assets associated with products | (273,643) | (369,665) |
| Other operating income | 13,476 | 9,874 |
| Other operating expenses | (83,359) | (110,240) |
| Operating profit | 254,953 | 119,230 |
| Finance income | 75,707 | 24,312 |
| Finance expenses | (109,272) | (106,095) |
| Share of profit (loss) of investments accounted for using the equity method | (1,366) | 1,607 |
| Profit before tax | 220,022 | 39,053 |
| Income tax (expenses) benefit | (53,269) | 2,382 |
| Net profit for the period | 166,753 | 41,436 |
| Attributable to: | | |
| Owners of the Company | 166,756 | 41,365 |
| Non-controlling interests | (3) | 71 |
| Net profit for the period | 166,753 | 41,436 |
| Earnings per share (JPY) | | |
| Basic earnings per share | 107.62 | 26.51 |
| Diluted earnings per share | 106.88 | 26.29 |

(2) Condensed Interim Consolidated Statements of Comprehensive Income

| | JPY (millions) | |
|---|--------------------------------------|---------|
| | Six-month Period Ended September 30, | |
| | 2022 | 2023 |
| Net profit for the period | 166,753 | 41,436 |
| Other comprehensive income (loss) | | |
| Items that will not be reclassified to profit or loss: | | |
| Changes in fair value of financial assets measured at fair value through other comprehensive income | 5,284 | 6,537 |
| Remeasurement of defined benefit pension plans | 13,395 | 2,644 |
| | 18,679 | 9,181 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign operations | 1,035,192 | 779,220 |
| Cash flow hedges | (33,200) | (2,015) |
| Hedging cost | (22,749) | (2,579) |
| Share of other comprehensive loss of investments accounted for using the equity method | (1,085) | (279) |
| | 978,158 | 774,347 |
| Other comprehensive income for the period, net of tax | 996,837 | 783,528 |
| Total comprehensive income for the period | 1,163,590 | 824,964 |
| Attributable to: | | |
| Owners of the Company | 1,163,535 | 824,843 |
| Non-controlling interests | 55 | 121 |
| Total comprehensive income for the period | 1,163,590 | 824,964 |

(3) Condensed Interim Consolidated Statements of Financial Position

| | JPY (millions) | |
|---|-------------------------|-----------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| ASSETS | | |
| Non-current assets: | | |
| Property, plant and equipment | 1,691,229 | 1,894,136 |
| Goodwill | 4,790,723 | 5,301,017 |
| Intangible assets | 4,269,657 | 4,402,421 |
| Investments accounted for using the equity method | 99,174 | 103,112 |
| Other financial assets | 279,683 | 313,252 |
| Other non-current assets | 63,325 | 59,672 |
| Deferred tax assets | 366,003 | 336,211 |
| Total non-current assets | 11,559,794 | 12,409,822 |
| Current assets: | | |
| Inventories | 986,457 | 1,155,866 |
| Trade and other receivables | 649,429 | 755,327 |
| Other financial assets | 20,174 | 15,756 |
| Income taxes receivable | 32,264 | 32,739 |
| Other current assets | 160,868 | 178,219 |
| Cash and cash equivalents | 533,530 | 318,051 |
| Assets held for sale | 15,235 | 6,108 |
| Total current assets | 2,397,956 | 2,462,066 |
| Total assets | 13,957,750 | 14,871,889 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Non-current liabilities: | | |
| Bonds and loans | 4,042,741 | 4,404,363 |
| Other financial liabilities | 534,269 | 574,874 |
| Net defined benefit liabilities | 127,594 | 134,953 |
| Income taxes payable | 24,558 | 4,025 |
| Provisions | 55,969 | 14,958 |
| Other non-current liabilities | 65,389 | 71,354 |
| Deferred tax liabilities | 270,620 | 228,719 |
| Total non-current liabilities | 5,121,138 | 5,433,247 |
| Current liabilities: | | |
| Bonds and loans | 339,600 | 274,841 |
| Trade and other payables | 649,233 | 421,078 |
| Other financial liabilities | 185,537 | 307,543 |
| Income taxes payable | 232,377 | 130,218 |
| Provisions | 508,360 | 657,657 |
| Other current liabilities | 566,689 | 576,279 |
| Liabilities held for sale | 144 | — |
| Total current liabilities | 2,481,940 | 2,367,617 |
| Total liabilities | 7,603,078 | 7,800,864 |

| | JPY (millions) | |
|--|---------------------------------|-------------------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| <u>EQUITY</u> | | |
| Share capital | 1,676,345 | 1,676,503 |
| Share premium | 1,728,830 | 1,711,109 |
| Treasury shares | (100,317) | (51,246) |
| Retained earnings | 1,541,146 | 1,446,018 |
| Other components of equity | 1,508,119 | 2,287,969 |
| Equity attributable to owners of the Company | 6,354,122 | 7,070,352 |
| Non-controlling interests | 549 | 673 |
| Total equity | 6,354,672 | 7,071,024 |
| Total liabilities and equity | 13,957,750 | 14,871,889 |

(4) Condensed Interim Consolidated Statements of Changes in Equity

Six-month period ended September 30, 2022 (From April 1 to September 30, 2022)

| | JPY (millions) | | | | | |
|--|--|---------------|-----------------|-------------------|---|---|
| | Equity attributable to owners of the company | | | | Other components of equity | |
| | Share capital | Share premium | Treasury shares | Retained earnings | Exchange differences on translation of foreign operations | Changes in fair value of financial assets measured at fair value through other comprehensive income |
| As of April 1, 2022 | 1,676,263 | 1,708,873 | (116,007) | 1,479,716 | 984,141 | 22,068 |
| Effect of hyperinflation | | | | (1,960) | 4,121 | |
| Restated opening balance | 1,676,263 | 1,708,873 | (116,007) | 1,477,756 | 988,263 | 22,068 |
| Net profit for the period | | | | 166,756 | | |
| Other comprehensive income (loss) | | | | | 1,034,071 | 5,262 |
| Comprehensive income (loss) for the period | — | — | — | 166,756 | 1,034,071 | 5,262 |
| Transactions with owners: | | | | | | |
| Issuance of new shares | 67 | 67 | | | | |
| Acquisition of treasury shares | | (5) | (27,051) | | | |
| Disposal of treasury shares | | 0 | 0 | | | |
| Dividends | | | | (138,217) | | |
| Transfers from other components of equity | | | | 23,906 | | (10,510) |
| Share-based compensation | | 29,335 | | | | |
| Exercise of share-based awards | | (42,725) | 42,745 | | | |
| Total transactions with owners | 67 | (13,329) | 15,694 | (114,311) | — | (10,510) |
| As of September 30, 2022 | 1,676,330 | 1,695,544 | (100,313) | 1,530,200 | 2,022,333 | 16,819 |

| | Equity attributable to owners of the company | | | | | | |
|--|--|--------------|---|----------------------------------|--|---------------------------|--------------|
| | Equity attributable to owners of the company | | | | Other components of equity | | |
| | Cash flow hedges | Hedging cost | Remeasurements of defined benefit pension plans | Total other components of equity | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| As of April 1, 2022 | (65,901) | (6,135) | — | 934,173 | 5,683,019 | 504 | 5,683,523 |
| Effect of hyperinflation | | | | 4,121 | 2,161 | | 2,161 |
| Restated opening balance | (65,901) | (6,135) | — | 938,294 | 5,685,180 | 504 | 5,685,684 |
| Net profit for the period | | | | — | 166,756 | (3) | 166,753 |
| Other comprehensive income (loss) | (33,200) | (22,749) | 13,395 | 996,779 | 996,779 | 58 | 996,837 |
| Comprehensive income (loss) for the period | (33,200) | (22,749) | 13,395 | 996,779 | 1,163,535 | 55 | 1,163,590 |
| Transactions with owners: | | | | | | | |
| Issuance of new shares | | | | — | 133 | | 133 |
| Acquisition of treasury shares | | | | — | (27,057) | | (27,057) |
| Disposal of treasury shares | | | | — | 1 | | 1 |
| Dividends | | | | — | (138,217) | | (138,217) |
| Transfers from other components of equity | | | (13,395) | (23,906) | — | | — |
| Share-based compensation | | | | — | 29,335 | | 29,335 |
| Exercise of share-based awards | | | | — | 19 | | 19 |
| Total transactions with owners | — | — | (13,395) | (23,906) | (135,786) | — | (135,786) |
| As of September 30, 2022 | (99,101) | (28,884) | — | 1,911,167 | 6,712,929 | 560 | 6,713,489 |

Six-month period ended September 30, 2023 (From April 1 to September 30, 2023)

| | JPY (millions) | | | | | |
|--|--|---------------|-----------------|-------------------|---|---|
| | Equity attributable to owners of the company | | | | Other components of equity | |
| | Share capital | Share premium | Treasury shares | Retained earnings | Exchange differences on translation of foreign operations | Changes in fair value of financial assets measured at fair value through other comprehensive income |
| As of April 1, 2023 | 1,676,345 | 1,728,830 | (100,317) | 1,541,146 | 1,606,128 | 12,470 |
| Net profit for the period | | | | 41,365 | | |
| Other comprehensive income (loss) | | | | | 778,851 | 6,577 |
| Comprehensive income (loss) for the period | — | — | — | 41,365 | 778,851 | 6,577 |
| Transactions with owners: | | | | | | |
| Issuance of new shares | 158 | 158 | | | | |
| Acquisition of treasury shares | | | (2,355) | | | |
| Disposal of treasury shares | | 0 | 0 | | | |
| Dividends | | | | (140,121) | | |
| Changes in ownership | | | | | | |
| Transfers from other components of equity | | | | 3,628 | | (985) |
| Share-based compensation | | 33,606 | | | | |
| Exercise of share-based awards | | (51,485) | 51,426 | | | |
| Total transactions with owners | 158 | (17,721) | 49,071 | (136,493) | — | (985) |
| As of September 30, 2023 | 1,676,503 | 1,711,109 | (51,246) | 1,446,018 | 2,384,979 | 18,062 |

| | Equity attributable to owners of the company | | | | | | |
|--|--|--------------|---|----------------------------------|--|---------------------------|--------------|
| | Other components of equity | | | | Total equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | Cash flow hedges | Hedging cost | Remeasurements of defined benefit pension plans | Total other components of equity | | | |
| As of April 1, 2023 | (87,352) | (23,127) | — | 1,508,119 | 6,354,122 | 549 | 6,354,672 |
| Net profit for the period | | | | — | 41,365 | 71 | 41,436 |
| Other comprehensive income (loss) | (2,015) | (2,579) | 2,644 | 783,478 | 783,478 | 50 | 783,528 |
| Comprehensive income (loss) for the period | (2,015) | (2,579) | 2,644 | 783,478 | 824,843 | 121 | 824,964 |
| Transactions with owners: | | | | | | | |
| Issuance of new shares | | | | — | 315 | | 315 |
| Acquisition of treasury shares | | | | — | (2,355) | | (2,355) |
| Disposal of treasury shares | | | | — | 0 | | 0 |
| Dividends | | | | — | (140,121) | | (140,121) |
| Changes in ownership | | | | — | — | 3 | 3 |
| Transfers from other components of equity | | | (2,644) | (3,628) | — | | — |
| Share-based compensation | | | | — | 33,606 | | 33,606 |
| Exercise of share-based awards | | | | — | (60) | | (60) |
| Total transactions with owners | — | — | (2,644) | (3,628) | (108,613) | 3 | (108,611) |
| As of September 30, 2023 | (89,367) | (25,706) | — | 2,287,969 | 7,070,352 | 673 | 7,071,024 |

(5) Condensed Interim Consolidated Statements of Cash Flows

| | JPY (millions) | |
|---|--------------------------------------|-----------|
| | Six-month Period Ended September 30, | |
| | 2022 | 2023 |
| Cash flows from operating activities: | | |
| Net profit for the period | 166,753 | 41,436 |
| Depreciation and amortization | 326,110 | 354,197 |
| Impairment losses | 35,950 | 126,703 |
| Equity-settled share-based compensation | 29,335 | 33,977 |
| Loss on sales and disposal of property, plant and equipment | 145 | 304 |
| Gain on divestment of business and subsidiaries | (640) | (294) |
| Change in fair value of financial assets and liabilities associated with contingent consideration arrangements, net | 446 | (150) |
| Finance (income) and expenses, net | 33,565 | 81,783 |
| Share of loss (profit) of investments accounted for using the equity method | 1,366 | (1,607) |
| Income tax expenses (benefit) | 53,269 | (2,382) |
| Changes in assets and liabilities: | | |
| Increase in trade and other receivables | (5,915) | (73,081) |
| Increase in inventories | (15,778) | (77,938) |
| Decrease in trade and other payables | (137,260) | (49,679) |
| Increase (decrease) in provisions | (12,939) | 17,163 |
| Increase (decrease) in other financial liabilities | (48,068) | 34,178 |
| Other, net | (11,887) | (74,375) |
| Cash generated from operations | 414,451 | 410,234 |
| Income taxes paid | (115,432) | (129,040) |
| Tax refunds and interest on tax refunds received | 6,215 | 10,111 |
| Net cash from operating activities | 305,234 | 291,305 |
| Cash flows from investing activities: | | |
| Interest received | 1,456 | 5,102 |
| Dividends received | 2,415 | 147 |
| Acquisition of property, plant and equipment | (71,423) | (83,804) |
| Proceeds from sales of property, plant and equipment | 97 | 8,337 |
| Acquisition of intangible assets | (67,562) | (255,476) |
| Acquisition of investments | (4,694) | (2,264) |
| Proceeds from sales and redemption of investments | 18,400 | 631 |
| Proceeds from sales of business, net of cash and cash equivalents divested | — | 365 |
| Other, net | (609) | (148) |
| Net cash used in investing activities | (121,920) | (327,109) |

| | JPY (millions) | |
|---|---|-----------------------|
| | Six-month Period Ended September 30, | |
| | 2022 | 2023 |
| Cash flows from financing activities: | | |
| Net increase in short-term loans and commercial papers | — | 110,000 |
| Proceeds from issuance of bonds and long-term loans | — | 100,000 |
| Repayments of bonds and long-term loans | (26,900) | (246,091) |
| Proceeds from the settlement of cross currency interest rate swaps related to bonds | — | 60,063 |
| Acquisition of treasury shares | (26,929) | (2,326) |
| Interest paid | (52,719) | (49,711) |
| Dividends paid | (140,007) | (139,811) |
| Repayments of lease liabilities | (20,996) | (21,613) |
| Other, net | (42) | (8,943) |
| Net cash used in financing activities | <u>(267,593)</u> | <u>(198,433)</u> |
| Net decrease in cash and cash equivalents | <u>(84,278)</u> | <u>(234,237)</u> |
| Cash and cash equivalents at the beginning of the year | 849,695 | 533,530 |
| Effects of exchange rate changes on cash and cash equivalents | 32,720 | 18,759 |
| Cash and cash equivalents at the end of the period | <u><u>798,137</u></u> | <u><u>318,051</u></u> |

(6) Notes to Condensed Interim Consolidated Financial Statements

(Significant Uncertainty Regarding Going Concern Assumption)

Not applicable.

(Material Accounting Policies)

Material accounting policies adopted for the condensed interim consolidated financial statements are the same as those adopted for the consolidated financial statements as of and for the fiscal year ended March 31, 2023.

Takeda calculated income tax expenses for the six-month period ended September 30, 2023, based on the estimated average annual effective tax rate.

(Significant Changes in Equity Attributable to Owners of the Company)

Not applicable.

(Significant Subsequent Events)

Not applicable.

FINANCIAL APPENDIX



Definition of Non-IFRS Measures

Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations [A-1](#)

Definition of EBITDA/Adjusted EBITDA and Net Debt [A-2](#)

Reconciliations and Other Financial Information

FY2023 H1 Reported Results with CER % Change [A-3](#)

FY2023 Q2 (Jul-Sep) Reported Results with CER % Change [A-4](#)

FY2023 H1 Core Results with CER % Change [A-5](#)

FY2023 Q2 (Jul-Sep) Core Results with CER % Change [A-6](#)

FY2023 H1 Reconciliation from Reported to Core [A-7](#)

FY2023 Q2 (Jul-Sep) Reconciliation from Reported to Core [A-8](#)

FY2022 H1 Reconciliation from Reported to Core [A-9](#)

FY2022 Q2 (Jul-Sep) Reconciliation from Reported to Core [A-10](#)

FY2023 H1 Free Cash Flow [A-11](#)

FY2023 H1 Net Debt to Adjusted EBITDA [A-12](#)

FY2022 Net Debt to Adjusted EBITDA [A-13](#)

FY2023 H1 Net Profit to Adjusted EBITDA Bridge [A-14](#)

FY2023 H1 Net Profit to Adjusted EBITDA LTM Bridge [A-15](#)

FY2023 H1 CAPEX, Depreciation and Amortization and Impairment Losses [A-16](#)

FY2023 Full Year Detailed Forecast [A-17](#)

FY2023 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast [A-18](#)

FY2023 Full Year FX Rates Assumptions and Currency Sensitivity [A-19](#)

Important Notice

Important Notice, Forward-Looking Statements [A-20](#)



Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations

Core Revenue represents revenue adjusted to exclude significant items unrelated to Takeda's core operations.

Core Operating Profit represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda's core operations, such as non-recurring items, purchase accounting effects and transaction related costs.

Core EPS represents net profit adjusted to exclude the impact of items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the average outstanding shares (excluding treasury shares) of the reporting periods presented.

Constant Exchange Rate (CER) change eliminates the effect of foreign exchange rates from year-over-year comparisons by translating Reported or Core results for the current period using corresponding exchange rates in the same period of the previous fiscal year.

We present **Free Cash Flow** because we believe that this measure is useful to investors as similar measures of liquidity are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Free Cash Flow is also used by our management to evaluate our liquidity and our cash flows, particularly as they relate to our ability to meet our liquidity requirements and to support our capital allocation policies. We also believe that Free Cash Flow is helpful to investors in understanding how our strategic divestitures of non-core businesses and of portions of our investment portfolio contribute to the cash flows and liquidity available to us.

We define Free Cash Flow as cash flows from operating activities, subtracting acquisition of property, plant and equipment ("PP&E"), intangible assets and investments as well as removing any other cash that is not available to Takeda's immediate or general business use, and adding proceeds from sales of PP&E, as well as from sales of investments and businesses, net of cash and cash equivalents divested.

The usefulness of Free Cash Flow to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) it does not reflect the effect of our current and future contractual and other commitments requiring the use or allocation of capital and (iii) the addition of proceeds from sales and redemption of investments and the proceeds from sales of business, net of cash and cash equivalents divested do not reflect cash received from our core ongoing operations. Free Cash Flow should not be considered in isolation and is not, and should not be viewed as, a substitute for cash flows from operating activities or any other measure of liquidity presented in accordance with IFRS. The most directly comparable measure under IFRS for Free Cash Flow is net cash from operating activities.

U.S. Dollar Convenience Translations

In Financial Appendix, certain amounts presented in Japanese yen have been translated to U.S. dollars solely for the convenience of the reader at an exchange rate of 1USD = 149.43 JPY, the Noon Buying Rate certified by the Federal Reserve Bank of New York on September 29, 2023. The rate and methodologies used for the convenience translations differ from the currency exchange rates and translation methodologies under IFRS used for the preparation of the condensed interim consolidated financial statements. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate.

Definition of EBITDA/Adjusted EBITDA and Net Debt

We present **EBITDA and Adjusted EBITDA** because we believe that these measures are useful to investors as they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We further believe that Adjusted EBITDA is helpful to investors in identifying trends in its business that could otherwise be obscured by certain items unrelated to ongoing operations because they are highly variable, difficult to predict, may substantially impact our results of operations and may limit the ability to evaluate our performance from one period to another on a consistent basis.

EBITDA and Adjusted EBITDA should not be considered in isolation or construed as alternatives to operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. These non-IFRS measures may not be comparable to similarly-titled measures presented by other companies.

The usefulness of EBITDA and Adjusted EBITDA to investors has limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all items which investors may consider to be unrelated to our long-term operations. These non-IFRS measures are not, and should not be viewed as, substitutes for IFRS reported net income (loss). We encourage investors to review our historical financial statements in their entirety and caution investors to use IFRS measures as the primary means of evaluating our performance, value and prospects for the future, and EBITDA and Adjusted EBITDA as supplemental measures.

We define EBITDA as consolidated net profit before income tax expenses, depreciation and amortization and net interest expense. We define Adjusted EBITDA as EBITDA further adjusted to exclude impairment losses, other operating income and expenses (excluding depreciation and amortization), finance income and expenses (excluding net interest expense), our share of loss from investments accounted for under the equity method and other items that management believes are unrelated to our core operations such as purchase accounting effects and transaction related costs.

The most closely comparable measure presented in accordance with IFRS is net profit for the period. Please refer to Net Profit to Adjusted EBITDA Bridge for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

We present **Net Debt** because we believe that it is useful to investors in that our management uses it to monitor and evaluate our indebtedness, net of cash and cash equivalents, and, in conjunction with Adjusted EBITDA, to monitor our leverage. We also believe that similar measures of indebtedness are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

We define Net Debt first by calculating the sum of the current and non-current portions of bonds and loans as shown on our consolidated statement of financial position, which is then adjusted to reflect (i) the use of prior 12-month average exchange rates for non-JPY debt outstanding at the beginning of the period and the use of relevant spot rates for new non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period, which reflects the methodology our management uses to monitor our leverage, and (ii) a 50% equity credit applied to our aggregate principal amount of 500.0 billion hybrid (subordinated) bonds issued in June 2019 by S&P Global Rating Japan in recognition of the equity-like features of those bonds pursuant to such agency's ratings methodology. To calculate Net Debt, we deduct from this figure cash & cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

The usefulness of Net Debt to investors has significant limitations including, but not limited to, (i) it may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) it does not reflect the amounts of interest payments to be paid on our indebtedness, (iii) it does not reflect any restrictions on our ability to prepay or redeem any of our indebtedness, (iv) it does not reflect any fees, costs or other expenses that we may incur in converting cash equivalents to cash, in converting cash from one currency into another or in moving cash within our consolidated group, (v) it applies to gross debt an adjustment for average foreign exchange rates which, although consistent with our financing agreements, does not reflect the actual rates at which we would be able to convert one currency into another and (vi) it reflects an equity credit due to the fact that the amounts of our subordinated bonds, although we believe it to be reasonable, do not affect the status of those instruments as indebtedness. Net Debt should not be considered in isolation and are not, and should not be viewed as, a substitute for bonds and loans or any other measure of indebtedness presented in accordance with IFRS.

The most directly comparable measures under IFRS for Net Debt is bonds and loans. Please refer to Net Debt to Adjusted EBITDA for a reconciliation to this measure.



FY2023 H1 Reported Results with CER % Change

| (Billion JPY, except EPS) | FY2022 H1 | FY2023 H1 | vs. PY | | | (Million USD, except EPS) FY2023 H1 Convenience USD Translation |
|---|-----------|-----------|------------------|----------|----------|--|
| | | | AER | | CER | |
| | | | Amount of Change | % CHANGE | % CHANGE | |
| Revenue | 1,974.8 | 2,101.7 | 126.9 | 6.4% | 1.4% | 14,065 |
| Cost of sales | (598.3) | (664.7) | (66.4) | (11.1)% | (6.0)% | (4,448) |
| Gross profit | 1,376.4 | 1,437.0 | 60.6 | 4.4% | (0.5)% | 9,617 |
| <i>Margin</i> | 69.7 % | 68.4 % | | (1.3) pp | (1.4) pp | 68.4 % |
| SG&A expenses | (480.2) | (501.1) | (20.9) | (4.3)% | 0.8% | (3,353) |
| R&D expenses | (297.8) | (346.7) | (48.9) | (16.4)% | (9.6)% | (2,320) |
| Amortization of intangible assets associated with products | (240.8) | (253.9) | (13.1) | (5.4)% | 1.5% | (1,699) |
| Impairment losses on intangible assets associated with products | (32.8) | (115.8) | (82.9) | (252.5)% | (226.2)% | (775) |
| Other operating income | 13.5 | 9.9 | (3.6) | (26.7)% | (27.6)% | 66 |
| Other operating expenses | (83.4) | (110.2) | (26.9) | (32.2)% | (27.1)% | (738) |
| Operating profit | 255.0 | 119.2 | (135.7) | (53.2)% | (50.6)% | 798 |
| <i>Margin</i> | 12.9 % | 5.7 % | | (7.2) pp | (6.6) pp | 5.7 % |
| Finance income | 75.7 | 24.3 | (51.4) | (67.9)% | (68.3)% | 163 |
| Finance expenses | (109.3) | (106.1) | 3.2 | 2.9% | 1.9% | (710) |
| Share of profit (loss) of investments accounted for using the equity method | (1.4) | 1.6 | 3.0 | — | — | 11 |
| Profit before tax | 220.0 | 39.1 | (181.0) | (82.3)% | (79.8)% | 261 |
| Income tax (expenses) benefit | (53.3) | 2.4 | 55.7 | — | 86.0% | 16 |
| Net profit for the period | 166.8 | 41.4 | (125.3) | (75.2)% | (77.8)% | 277 |
| Non-controlling interests | 0.0 | (0.1) | (0.1) | — | — | (0) |
| Net profit attributable to owners of the Company | 166.8 | 41.4 | (125.4) | (75.2)% | (77.8)% | 277 |
| Basic EPS (JPY or USD) | 107.62 | 26.51 | (81.12) | (75.4)% | (78.0)% | 0.18 |

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the “Constant Exchange Rate change”.

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 Q2 (Jul-Sep) Reported Results with CER % Change

| (Billion JPY, except EPS) | FY2022 Q2 (Jul-Sep) | FY2023 Q2 (Jul-Sep) | vs. PY | | | (Million USD, except EPS) FY2023 Q2 (Jul-Sep) Convenience USD Translation |
|---|------------------------|------------------------|------------------|-----------|-----------|---|
| | | | AER | | CER | |
| | | | Amount of Change | % CHANGE | % CHANGE | |
| Revenue | 1,002.3 | 1,043.1 | 40.8 | 4.1% | (0.8)% | 6,980 |
| Cost of sales | (305.4) | (343.6) | (38.1) | (12.5)% | (7.3)% | (2,299) |
| Gross profit | 696.9 | 699.5 | 2.6 | 0.4% | (4.3)% | 4,681 |
| <i>Margin</i> | 69.5 % | 67.1 % | | (2.5) pp | (2.5) pp | 67.1 % |
| SG&A expenses | (248.7) | (253.0) | (4.2) | (1.7)% | 3.4% | (1,693) |
| R&D expenses | (154.1) | (183.9) | (29.8) | (19.3)% | (12.4)% | (1,231) |
| Amortization of intangible assets associated with products | (123.8) | (130.7) | (6.9) | (5.6)% | 1.1% | (875) |
| Impairment losses on intangible assets associated with products | (18.6) | (109.5) | (90.9) | (489.0)% | (444.0)% | (733) |
| Other operating income | 8.0 | 5.7 | (2.3) | (29.1)% | (31.4)% | 38 |
| Other operating expenses | (55.2) | (77.4) | (22.2) | (40.2)% | (35.9)% | (518) |
| Operating profit | 104.4 | (49.3) | (153.8) | — | — | (330) |
| <i>Margin</i> | 10.4 % | (4.7)% | | (15.2) pp | (14.4) pp | (4.7)% |
| Finance income | 14.8 | 9.4 | (5.4) | (36.7)% | (25.7)% | 63 |
| Finance expenses | (53.8) | (58.1) | (4.2) | (7.8)% | (16.1)% | (389) |
| Share of profit (loss) of investments accounted for using the equity method | (0.9) | 2.0 | 2.9 | — | — | 14 |
| Profit before tax | 64.5 | (96.0) | (160.5) | — | — | (642) |
| Income tax (expenses) benefit | (2.8) | 48.0 | 50.8 | — | — | 321 |
| Net profit for the period | 61.7 | (48.0) | (109.7) | — | — | (321) |
| Non-controlling interests | 0.0 | (0.1) | (0.1) | — | — | (0) |
| Net profit attributable to owners of the Company | 61.7 | (48.0) | (109.8) | — | — | (321) |
| Basic EPS (JPY or USD) | 39.77 | (30.68) | (70.46) | — | — | (0.21) |

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the “Constant Exchange Rate change”.

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 H1 Core Results with CER % Change

| (Billion JPY, except EPS) | FY2022 H1 | FY2023 H1 | vs. PY | | | (Million USD, except EPS) FY2023 H1 Convenience USD Translation |
|---|---------------|---------------|------------------|-----------------|-----------------|--|
| | | | AER | | CER | |
| | | | Amount of Change | % CHANGE | % CHANGE | |
| Revenue | 1,974.8 | 2,101.7 | 126.9 | 6.4% | 1.4% | 14,065 |
| Cost of sales | (571.6) | (664.8) | (93.3) | (16.3)% | (10.9)% | (4,449) |
| Gross profit | 1,403.2 | 1,436.9 | 33.7 | 2.4% | (2.4)% | 9,616 |
| <i>Margin</i> | <i>71.1 %</i> | <i>68.4 %</i> | | <i>(2.7) pp</i> | <i>(2.7) pp</i> | <i>68.4 %</i> |
| SG&A expenses | (480.5) | (501.4) | (20.9) | (4.3)% | 0.8% | (3,356) |
| R&D expenses | (297.5) | (346.7) | (49.2) | (16.5)% | (9.7)% | (2,320) |
| Operating profit | 625.2 | 588.8 | (36.4) | (5.8)% | (9.5)% | 3,940 |
| <i>Margin</i> | <i>31.7 %</i> | <i>28.0 %</i> | | <i>(3.6) pp</i> | <i>(3.4) pp</i> | <i>28.0 %</i> |
| Finance income | 32.6 | 24.0 | (8.6) | (26.4)% | (27.2)% | 161 |
| Finance expenses | (100.8) | (87.8) | 13.0 | 12.9% | 18.9% | (588) |
| Share of profit (loss) of investments accounted for using the equity method | 2.7 | 2.3 | (0.4) | (14.4)% | (13.7)% | 15 |
| Profit before tax | 559.6 | 527.2 | (32.4) | (5.8)% | (8.8)% | 3,528 |
| Income tax (expenses) benefit | (112.9) | (119.4) | (6.6) | (5.8)% | (11.0)% | (799) |
| Net profit for the period | 446.7 | 407.8 | (38.9) | (8.7)% | (13.8)% | 2,729 |
| Non-controlling interests | 0.0 | (0.1) | (0.1) | — | — | (0) |
| Net profit attributable to owners of the Company | 446.7 | 407.7 | (39.0) | (8.7)% | (13.8)% | 2,728 |
| Basic EPS (JPY or USD) | 288 | 261 | (27) | (9.4)% | (14.4)% | 2 |

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the “Constant Exchange Rate change”.

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 Q2 (Jul-Sep) Core Results with CER % Change

| (Billion JPY, except EPS) | FY2022 Q2 (Jul-Sep) | FY2023 Q2 (Jul-Sep) | vs. PY | | | (Million USD, except EPS) FY2023 Q2 (Jul-Sep) Convenience USD Translation |
|---|------------------------|------------------------|------------------|-----------------|-----------------|---|
| | | | AER | | CER | |
| | | | Amount of Change | % CHANGE | % CHANGE | |
| Revenue | 1,002.3 | 1,043.1 | 40.8 | 4.1% | (0.8)% | 6,980 |
| Cost of sales | (293.3) | (343.6) | (50.3) | (17.1)% | (11.7)% | (2,299) |
| Gross profit | 709.0 | 699.5 | (9.5) | (1.3)% | (5.9)% | 4,681 |
| <i>Margin</i> | <i>70.7 %</i> | <i>67.1 %</i> | | <i>(3.7) pp</i> | <i>(3.7) pp</i> | <i>67.1 %</i> |
| SG&A expenses | (248.8) | (253.1) | (4.3) | (1.7)% | 3.3% | (1,694) |
| R&D expenses | (154.0) | (183.9) | (29.9) | (19.4)% | (12.6)% | (1,231) |
| Operating profit | 306.1 | 262.4 | (43.7) | (14.3)% | (17.3)% | 1,756 |
| <i>Margin</i> | <i>30.5 %</i> | <i>25.2 %</i> | | <i>(5.4) pp</i> | <i>(5.1) pp</i> | <i>25.2 %</i> |
| Finance income | 8.9 | 9.2 | 0.3 | 3.2% | 21.6% | 61 |
| Finance expenses | (50.0) | (44.5) | 5.6 | 11.1% | 12.7% | (298) |
| Share of profit (loss) of investments accounted for using the equity method | 1.7 | 1.5 | (0.2) | (11.6)% | (11.1)% | 10 |
| Profit before tax | 266.7 | 228.7 | (38.0) | (14.3)% | (16.8)% | 1,530 |
| Income tax (expenses) benefit | (44.2) | (54.3) | (10.1) | (22.9)% | (42.9)% | (363) |
| Net profit for the period | 222.5 | 174.4 | (48.2) | (21.6)% | (28.6)% | 1,167 |
| Non-controlling interests | 0.0 | (0.1) | (0.1) | — | — | (0) |
| Net profit attributable to owners of the Company | 222.5 | 174.3 | (48.2) | (21.7)% | (28.6)% | 1,167 |
| Basic EPS (JPY or USD) | 143 | 111 | (32) | (22.3)% | (29.2)% | 1 |

When comparing results to the same period of the previous fiscal year, the amount of change and percentage change based on Actual Exchange Rates are presented in “AER” (which is presented in accordance with IFRS) and percentage change based on Constant Exchange Rate (which is a non-IFRS measure) is presented in “CER”. Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition of the “Constant Exchange Rate change”.

% change versus prior year is presented as positive when favorable to profits, and negative when unfavorable to profits.



FY2023 H1 Reconciliation from Reported to Core

| (Billion JPY, except EPS and number of shares) | REPORTED | REPORTED TO CORE ADJUSTMENTS | | | | CORE |
|---|----------|-----------------------------------|---------------------------------|---------------------------------|--------|---------|
| | | Amortization of intangible assets | Impairment of intangible assets | Other operating income/expenses | Others | |
| Revenue | 2,101.7 | | | | | 2,101.7 |
| Cost of sales | (664.7) | | | | (0.1) | (664.8) |
| Gross profit | 1,437.0 | | | | (0.1) | 1,436.9 |
| SG&A expenses | (501.1) | | | | (0.3) | (501.4) |
| R&D expenses | (346.7) | | | | 0.0 | (346.7) |
| Amortization of intangible assets associated with products | (253.9) | 253.9 | | | | — |
| Impairment losses on intangible assets associated with products | (115.8) | | 115.8 | | | — |
| Other operating income | 9.9 | | | (9.9) | | — |
| Other operating expenses | (110.2) | | | 110.2 | | — |
| Operating profit | 119.2 | 253.9 | 115.8 | 100.4 | (0.5) | 588.8 |
| <i>Margin</i> | 5.7 % | | | | | 28.0% |
| Finance income and (expenses), net | (81.8) | | | | 18.0 | (63.8) |
| Share of profit (loss) of investments accounted for using the equity method | 1.6 | | | | 0.7 | 2.3 |
| Profit before tax | 39.1 | 253.9 | 115.8 | 100.4 | 18.1 | 527.2 |
| Income tax (expenses) benefit | 2.4 | (54.1) | (25.6) | (16.5) | (25.6) | (119.4) |
| Non-controlling interests | (0.1) | | | | | (0.1) |
| Net profit attributable to owners of the Company | 41.4 | 199.8 | 90.1 | 83.8 | (7.5) | 407.7 |
| EPS (JPY) | 27 | | | | | 261 |
| Number of shares (millions) | 1,561 | | | | | 1,561 |



FY2023 Q2 (Jul-Sep) Reconciliation from Reported to Core

| (Billion JPY, except EPS and number of shares) | REPORTED | REPORTED TO CORE ADJUSTMENTS | | | | CORE |
|---|----------|-----------------------------------|---------------------------------|---------------------------------|--------|---------|
| | | Amortization of intangible assets | Impairment of intangible assets | Other operating income/expenses | Others | |
| Revenue | 1,043.1 | | | | | 1,043.1 |
| Cost of sales | (343.6) | | | | (0.0) | (343.6) |
| Gross profit | 699.5 | | | | (0.0) | 699.5 |
| SG&A expenses | (253.0) | | | | (0.2) | (253.1) |
| R&D expenses | (183.9) | | | | 0.0 | (183.9) |
| Amortization of intangible assets associated with products | (130.7) | 130.7 | | | | — |
| Impairment losses on intangible assets associated with products | (109.5) | | 109.5 | | | — |
| Other operating income | 5.6 | | | (5.6) | | — |
| Other operating expenses | (77.3) | | | 77.3 | | — |
| Operating profit | (49.3) | 130.7 | 109.5 | 71.7 | (0.2) | 262.4 |
| <i>Margin</i> | (4.7)% | | | | | 25.2% |
| Finance income and (expenses), net | (48.7) | | | | 13.4 | (35.3) |
| Share of profit (loss) of investments accounted for using the equity method | 2.0 | | | | (0.5) | 1.5 |
| Profit before tax | (96.0) | 130.7 | 109.5 | 71.7 | 12.7 | 228.7 |
| Income tax (expenses) benefit | 48.0 | (27.8) | (24.3) | (10.1) | (40.1) | (54.3) |
| Non-controlling interests | (0.1) | | | | | (0.1) |
| Net profit attributable to owners of the Company | (48.0) | 102.9 | 85.3 | 61.6 | (27.4) | 174.3 |
| EPS (JPY) | (31) | | | | | 111 |
| Number of shares (millions) | 1,565 | | | | | 1,565 |



FY2022 H1 Reconciliation from Reported to Core

| (Billion JPY, except EPS and number of shares) | REPORTED | REPORTED TO CORE ADJUSTMENTS | | | | CORE |
|---|----------|-----------------------------------|---------------------------------|---------------------------------|--------|---------|
| | | Amortization of intangible assets | Impairment of intangible assets | Other operating income/expenses | Others | |
| Revenue | 1,974.8 | | | | | 1,974.8 |
| Cost of sales | (598.3) | | | | 26.8 | (571.6) |
| Gross profit | 1,376.4 | | | | 26.8 | 1,403.2 |
| SG&A expenses | (480.2) | | | | (0.3) | (480.5) |
| R&D expenses | (297.8) | | | | 0.3 | (297.5) |
| Amortization of intangible assets associated with products | (240.8) | 240.8 | | | | — |
| Impairment losses on intangible assets associated with products | (32.8) | | 32.8 | | | — |
| Other operating income | 13.5 | | | (13.5) | | — |
| Other operating expenses | (83.4) | | | 83.4 | | — |
| Operating profit | 255.0 | 240.8 | 32.8 | 69.9 | 26.7 | 625.2 |
| <i>Margin</i> | 12.9 % | | | | | 31.7% |
| Finance income and (expenses), net | (33.6) | | | | (34.7) | (68.3) |
| Share of profit (loss) of investments accounted for using the equity method | (1.4) | | | | 4.0 | 2.7 |
| Profit before tax | 220.0 | 240.8 | 32.8 | 69.9 | (4.0) | 559.6 |
| Income tax (expenses) benefit | (53.3) | (51.5) | (7.0) | (13.1) | 12.0 | (112.9) |
| Non-controlling interests | 0.0 | | | | | 0.0 |
| Net profit attributable to owners of the Company | 166.8 | 189.3 | 25.8 | 56.8 | 8.0 | 446.7 |
| EPS (JPY) | 108 | | | | | 288 |
| Number of shares (millions) | 1,549 | | | | | 1,549 |



FY2022 Q2 (Jul-Sep) Reconciliation from Reported to Core

| (Billion JPY, except EPS and number of shares) | REPORTED | REPORTED TO CORE ADJUSTMENTS | | | | CORE |
|---|----------|-----------------------------------|---------------------------------|---------------------------------|--------|---------|
| | | Amortization of intangible assets | Impairment of intangible assets | Other operating income/expenses | Others | |
| Revenue | 1,002.3 | | | | | 1,002.3 |
| Cost of sales | (305.4) | | | | 12.1 | (293.3) |
| Gross profit | 696.9 | | | | 12.1 | 709.0 |
| SG&A expenses | (248.7) | | | | (0.1) | (248.8) |
| R&D expenses | (154.1) | | | | 0.2 | (154.0) |
| Amortization of intangible assets associated with products | (123.8) | 123.8 | | | | — |
| Impairment losses on intangible assets associated with products | (18.6) | | 18.6 | | | — |
| Other operating income | 8.0 | | | (8.0) | | — |
| Other operating expenses | (55.2) | | | 55.2 | | — |
| Operating profit | 104.4 | 123.8 | 18.6 | 47.2 | 12.1 | 306.1 |
| <i>Margin</i> | 10.4 % | | | | | 30.5% |
| Finance income and (expenses), net | (39.0) | | | | (2.1) | (41.1) |
| Share of profit (loss) of investments accounted for using the equity method | (0.9) | | | | 2.6 | 1.7 |
| Profit before tax | 64.5 | 123.8 | 18.6 | 47.2 | 12.6 | 266.7 |
| Income tax (expenses) benefit | (2.8) | (26.5) | (3.9) | (9.1) | (1.9) | (44.2) |
| Non-controlling interests | 0.0 | | | | | 0.0 |
| Net profit attributable to owners of the Company | 61.7 | 97.3 | 14.7 | 38.0 | 10.7 | 222.5 |
| EPS (JPY) | 40 | | | | | 143 |
| Number of shares (millions) | 1,552 | | | | | 1,552 |



FY2023 H1 Free Cash Flow

| (Billion JPY) | FY2022 H1 | FY2023 H1 | vs. PY | | (Million USD) FY2023 H1 Convenience USD Translation |
|---|-----------|-----------|---------|---------|--|
| Net profit | 166.8 | 41.4 | (125.3) | (75.2)% | 277 |
| Depreciation, amortization and impairment loss | 362.1 | 480.9 | 118.8 | | 3,218 |
| Decrease (increase) in trade working capital | (159.0) | (200.7) | (41.7) | | (1,343) |
| Income taxes paid | (115.4) | (129.0) | (13.6) | | (864) |
| Tax refunds and interest on tax refunds received | 6.2 | 10.1 | 3.9 | | 68 |
| Other | 44.6 | 88.6 | 44.0 | | 593 |
| Net cash from operating activities (Operating Cash Flow) | 305.2 | 291.3 | (13.9) | (4.6)% | 1,949 |
| Adjustment for cash temporarily held by Takeda on behalf of third parties ^{*1} | 116.8 | (30.2) | (147.1) | | (202) |
| Acquisition of PP&E | (71.4) | (83.8) | (12.4) | | (561) |
| Proceeds from sales of PP&E | 0.1 | 8.3 | 8.2 | | 56 |
| Acquisition of intangible assets | (67.6) | (255.5) | (187.9) | | (1,710) |
| Acquisition of investments | (4.7) | (2.3) | 2.4 | | (15) |
| Proceeds from sales and redemption of investments | 18.4 | 0.6 | (17.8) | | 4 |
| Proceeds from sales of business, net of cash and cash equivalents divested | — | 0.4 | 0.4 | | 2 |
| Free Cash Flow | 296.9 | (71.1) | (368.0) | — | (476) |

*1 Adjustment refers to changes in cash balance that is temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

FY2023 H1 Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

| (Billion JPY) | FY2023 H1 |
|--|------------------|
| Cash & cash equivalents and Level 1 debt investments ^{*1} | 162.0 |
| Book value debt on consolidated statements of financial position | (4,679.2) |
| Hybrid bond 50% equity credit | 250.0 |
| FX adjustment ^{*2} | 216.7 |
| Gross debt ^{*3} | (4,212.5) |
| Net cash (debt) | (4,050.5) |
| Net debt/Adjusted EBITDA ratio | 2.9x |
| Adjusted EBITDA | 1,406.2 |

NET INCREASE (DECREASE) IN CASH

| (Billion JPY) | FY2022 H1 | FY2023 H1 | vs. PY | |
|---|---------------|----------------|----------------|-----------------|
| Net cash from operating activities | 305.2 | 291.3 | (13.9) | (4.6)% |
| Acquisition of PP&E | (71.4) | (83.8) | | |
| Proceeds from sales of PP&E | 0.1 | 8.3 | | |
| Acquisition of intangible assets | (67.6) | (255.5) | | |
| Acquisition of investments | (4.7) | (2.3) | | |
| Proceeds from sales and redemption of investments | 18.4 | 0.6 | | |
| Proceeds from sales of business, net of cash and cash equivalents divested | — | 0.4 | | |
| Net increase in short-term loans and commercial papers | — | 110.0 | | |
| Proceeds from long-term loans | — | 100.0 | | |
| Repayment of long-term loans | (0.1) | (100.2) | | |
| Repayment of bonds | (26.8) | (145.9) | | |
| Proceeds from the settlement of cross currency interest rate swaps related to bonds | — | 60.1 | | |
| Purchase of treasury shares | (26.9) | (2.3) | | |
| Interest paid | (52.7) | (49.7) | | |
| Dividends paid | (140.0) | (139.8) | | |
| Others | (17.8) | (25.5) | | |
| Net increase (decrease) in cash | (84.3) | (234.2) | (150.0) | (177.9)% |

*1 Represents cash & cash equivalents, excluding cash temporarily held by Takeda on behalf of third parties related to vaccine operations and to the trade receivables sales program, and debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets.

For the calculation of net debt, starting from the quarter ended June 30, 2023, debt investments classified as Level 1 in the fair value hierarchy being recorded as Other Financial Assets are included in the items deducted from gross debt. Had the same methodology been used for the calculation of net debt as of March 31, 2023 and prior periods, net debt would have remained unchanged.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

*3 Bonds and loans of current and non-current liabilities. JPY 250.0 billion reduction in debt due to JPY 500.0 billion hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes non-cash adjustments related to debt amortization and FX impact.

FY2022 Net Debt to Adjusted EBITDA

NET DEBT/ADJUSTED EBITDA RATIO

| (Billion JPY) | FY2022 |
|---|------------------|
| Cash and cash equivalents ^{*1} | 407.7 |
| Book value debt on consolidated statements of financial position | (4,382.3) |
| Hybrid bond 50% equity credit | 250.0 |
| FX adjustment ^{*2} | 8.5 |
| Gross debt ^{*3} | (4,123.9) |
| Net cash (debt) | (3,716.1) |
| Upfront payment related to the acquisition of TAK-279 ^{*4} | 400.4 |
| Net cash (debt) excluding upfront payment related to the acquisition of TAK-279 | (3,315.7) |
| Net debt/Adjusted EBITDA ratio | 2.6 x |
| Net debt/Adjusted EBITDA ratio excluding upfront payment related to the acquisition of TAK-279 | 2.3 x |
| Adjusted EBITDA | 1,421.8 |

NET INCREASE (DECREASE) IN CASH

| (Billion JPY) | FY2021 | FY2022 | vs. PY | |
|--|----------------|----------------|----------------|-----------------|
| Net cash from operating activities | 1,123.1 | 977.2 | (145.9) | (13.0)% |
| Acquisition of PP&E | (123.3) | (140.7) | | |
| Proceeds from sales of PP&E | 1.8 | 1.0 | | |
| Acquisition of intangible assets | (62.8) | (493.0) | | |
| Acquisition of investments | (8.3) | (10.2) | | |
| Proceeds from sales and redemption of investments | 16.9 | 22.3 | | |
| Acquisition of business, net of cash and cash equivalents acquired | (49.7) | — | | |
| Proceeds from sales of business, net of cash and cash equivalents divested | 28.2 | 8.0 | | |
| Net decrease in short-term loans and commercial papers | (0.0) | 40.0 | | |
| Proceeds from long-term loans | — | 75.0 | | |
| Repayment of long-term loans | (414.1) | (75.2) | | |
| Proceeds from issuance of bonds | 249.3 | — | | |
| Repayment of bonds | (396.0) | (281.5) | | |
| Purchase of treasury shares | (77.5) | (26.9) | | |
| Interest paid | (108.2) | (108.6) | | |
| Dividends paid | (283.7) | (279.4) | | |
| Others | (41.1) | (47.0) | | |
| Net increase (decrease) in cash | (145.3) | (339.1) | (193.8) | (133.4)% |

*1 Includes short-term investments which mature or become due within one year from the reporting date and excludes cash temporarily held by Takeda on behalf of third parties related to vaccine operations and the trade receivables sales program.

*2 FX adjustment refers to change from month-end rate to average rate used for non-JPY debt calculation outstanding at the beginning of the period to match with adjusted EBITDA (which is calculated based on average rates). New non-JPY debt incurred and existing non-JPY debt redeemed during the reporting period are translated to JPY at relevant spot rates as of the relevant date.

*3 Bonds and loans of current and non-current liabilities. JPY 250.0 billion reduction in debt due to JPY 500.0 billion hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes non-cash adjustments related to debt amortization and FX impact.

*4 This represents the portion of the USD 4.0 billion upfront payment related to the acquisition of TAK-279 paid in February 2023 (such portion totaling USD 3.0 billion), converted to JPY using the Japanese yen – U.S. dollar exchange rate of 133.48, which is applicable to translation of foreign currency denominated cash as of March 31, 2023.



FY2023 H1 Net Profit to Adjusted EBITDA Bridge

| (Billion JPY) | FY2022 H1 | FY2023 H1 | vs. PY | |
|---|--------------|--------------|---------|---------|
| Net profit | 166.8 | 41.4 | (125.3) | (75.2)% |
| Income tax expenses | 53.3 | (2.4) | | |
| Depreciation and amortization | 326.1 | 354.2 | | |
| Interest expense, net | 57.5 | 54.0 | | |
| EBITDA | 603.7 | 447.2 | (156.5) | (25.9)% |
| Impairment losses | 36.0 | 126.7 | | |
| Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item) | 65.4 | 89.6 | | |
| Finance expense (income), net, excluding interest income and expense, net | (24.0) | 27.8 | | |
| Share of loss on investments accounted for under the equity method | 1.4 | (1.6) | | |
| Other adjustments: | 55.5 | 32.5 | | |
| Non-core expense related to COVID-19 | 5.6 | — | | |
| Impact on profit related to fair value step up of inventory in Shire acquisition | 21.9 | — | | |
| Other costs ^{*1} | 28.0 | 32.5 | | |
| Adjusted EBITDA | 737.9 | 722.2 | (15.6) | (2.1)% |

*1 Includes adjustments for non-cash equity-based compensation expense and other one time non-cash expense.



FY2023 H1 Net Profit to Adjusted EBITDA LTM Bridge

| (Billion JPY) | FY2022 Full Year (Apr - Mar) | FY2022 H1 (Apr - Sep) | FY2023 H1 (Apr - Sep) | FY2023 H1 LTM ^{*1} (Oct - Sep) |
|---|------------------------------------|-----------------------------|-----------------------------|---|
| Net profit | 317.0 | 166.8 | 41.4 | 191.7 |
| Income tax expenses | 58.1 | 53.3 | (2.4) | 2.4 |
| Depreciation and amortization | 664.4 | 326.1 | 354.2 | 692.5 |
| Interest expense, net | 111.5 | 57.5 | 54.0 | 107.9 |
| EBITDA | 1,151.0 | 603.7 | 447.2 | 994.5 |
| Impairment losses | 64.4 | 36.0 | 126.7 | 155.1 |
| Other operating expense (income), net, excluding depreciation and amortization and other miscellaneous expenses (non-cash item) | 109.0 | 65.4 | 89.6 | 133.3 |
| Finance expense (income), net, excluding interest income and expense, net | (4.7) | (24.0) | 27.8 | 47.1 |
| Share of loss on investments accounted for under the equity method | 8.6 | 1.4 | (1.6) | 5.7 |
| Other adjustments: | 93.5 | 55.5 | 32.5 | 70.5 |
| Non-core expense related to COVID-19 | 9.9 | 5.6 | — | 4.3 |
| Impact on profit related to fair value step up of inventory in Shire acquisition | 24.9 | 21.9 | — | 3.0 |
| Other costs ^{*2} | 58.7 | 28.0 | 32.5 | 63.1 |
| Adjusted EBITDA | 1,421.8 | 737.9 | 722.2 | 1,406.2 |

*1 LTM represents Last Twelve Months (October 2022 - September 2023). Calculated by subtracting FY2022 H1 from FY2022 Full Year and adding FY2023 H1.

*2 Includes adjustments for non-cash equity-based compensation expense and other one time non-cash expense.



FY2023 H1 CAPEX, Depreciation and Amortization and Impairment Losses

| (Billion JPY) | FY2022 H1 | FY2023 H1 | vs. PY | | FY2023 Revised Forecast (October 26, 2023) |
|--|--------------|--------------|--------|--------|---|
| | | | | | |
| Capital expenditures ^{*1} | 139.0 | 339.3 | 200.3 | 144.1% | 480.0 - 530.0 ^{*3} |
| Tangible assets | 71.4 | 83.8 | 12.4 | 17.3% | |
| Intangible assets | 67.6 | 255.5 | 187.9 | 278.1% | |
| Depreciation and amortization | 326.1 | 354.2 | 28.1 | 8.6% | 680.0 |
| Depreciation of tangible assets ^{*2} (A) | 73.4 | 84.8 | 11.4 | 15.5% | |
| Amortization of intangible assets (B) | 252.7 | 269.4 | 16.7 | 6.6% | |
| Of which Amortization associated with products (C) | 240.8 | 253.9 | 13.1 | 5.4% | 500.0 |
| Of which Amortization excluding intangible assets associated with products (D) | 11.9 | 15.5 | 3.6 | 30.2% | |
| Depreciation and amortization (excluding intangible assets associated with products) (A)+(D) | 85.3 | 100.3 | 15.0 | 17.6% | 180.0 |
| Impairment losses | 36.0 | 126.7 | 90.8 | 252.4% | |
| Impairment losses associated with products | 32.8 | 115.8 | 82.9 | 252.5% | 120.0 |
| Amortization and impairment losses on intangible assets associated with products | 273.6 | 369.7 | 96.0 | 35.1% | 620.0 |

*1 Cash flow base

*2 Including depreciation of investment properties

*3 FY2023 Revised Forecast reflects expenditures related to the acquisition of TAK-279 from Nimbus (JPY 134.1 billion) and in-licensing of fruquintinib from HUTCHMED (JPY 55.1 billion).



FY2023 Full Year Detailed Forecast

| (BN JPY) | FY2023 Original Forecast (May 11, 2023) | FY2023 Revised Forecast (October 26, 2023) | vs. Original Forecast | | Reason for Variances | |
|---|--|--|--------------------------|---------|---|---|
| REPORTED | Revenue | 3,840.0 | 3,980.0 | 140.0 | 3.6 % | Predominantly due to change in FX rate assumptions |
| | R&D expenses | (643.0) | (680.0) | (37.0) | (5.8)% | Updated for FX |
| | Amortization of intangible assets associated with products | (480.0) | (500.0) | (20.0) | (4.2)% | Updated for FX |
| | Impairment losses on intangible assets associated with products | (50.0) | (120.0) | (70.0) | (140.0)% | Revised to reflect impairment losses already booked in H1 (e.g. ALOFISEL, EXKIVITY) |
| | Other operating income | 14.0 | 14.0 | — | — % | |
| | Other operating expenses | (150.0) | (180.0) | (30.0) | (20.0)% | Revised to include provisions booked in H1 that were not in the original forecast |
| | Operating profit | 349.0 | 225.0 | (124.0) | (35.5)% | Predominantly due to impairment and provisions listed above; also updated for FX |
| | Finance income (expenses), net | (165.0) | (157.0) | 8.0 | 4.8 % | |
| | Profit before tax | 185.0 | 70.0 | (115.0) | (62.2)% | Reflects items impacting Reported Operating Profit |
| | Net profit attributable to owners of the Company | 142.0 | 93.0 | (49.0) | (34.5)% | Updated tax rate assumption, reflects JPY 63.5B tax expense reduction booked in H1 |
| | Basic EPS (JPY) | 91 | 59 | (31) | (34.5)% | |
| Core Revenue ^{*1} | 3,840.0 | 3,980.0 | 140.0 | 3.6 % | Predominantly due to change in FX rate assumptions | |
| Core Operating Profit ^{*1} | 1,015.0 | 1,015.0 | — | — % | | |
| Core EPS (JPY) | 434 | 447 | 13 | 3.1 % | Updated core tax rate assumption | |
| Free cash flow | 400.0 to 500.0 | 400.0 to 500.0 | | | FY2023 Revised Forecast reflects expenditures related to the acquisition of TAK-279 from Nimbus (JPY 134.1 BN) and in-licensing of fruquintinib from HUTCHMED (JPY 55.1 BN) | |
| CAPEX (cash flow base) | (480.0) to (530.0) | (480.0) to (530.0) | | | | |
| Depreciation and amortization (excl. intangible assets associated with products) | (170.0) | (180.0) | (10.0) | (5.9)% | Updated for FX | |
| Cash tax rate on adjusted EBITDA (excl. divestitures) | Mid-to-high teen % | Mid-to-high teen % | | | | |
| USD/JPY | 131 | 137 | 6 | 4.6 % | | |
| EUR/JPY | 141 | 145 | 4 | 2.8 % | | |

*1 Please refer to A-1 Definition of Core Financial Measures, Constant Exchange Rate Change, Free Cash Flow, and U.S. Dollar Convenience Translations, for the definition and A-18 FY2023 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast, for reconciliation.



FY2023 Full Year Reconciliation from Reported Operating Profit to Core Operating Profit Forecast

| (Billion JPY) | REPORTED | REPORTED TO CORE ADJUSTMENTS | | | | CORE |
|---|----------|-----------------------------------|---------------------------------|-----------------------------------|--------|---------|
| | | Amortization of intangible assets | Impairment of intangible assets | Other operating income (expenses) | Others | |
| Revenue | 3,980.0 | | | | | 3,980.0 |
| Cost of sales | | | | | | |
| Gross Profit | | | | | | |
| SG&A and R&D expenses | | | | | 4.0 | |
| Amortization of intangible assets associated with products | (500.0) | 500.0 | | | | — |
| Impairment losses on intangible assets associated with products | (120.0) | | 120.0 | | | — |
| Other operating income | 14.0 | | | (14.0) | | — |
| Other operating expenses | (180.0) | | | 180.0 | | — |
| Operating profit | 225.0 | 500.0 | 120.0 | 166.0 | 4.0 | 1,015.0 |



FY2023 Full Year FX Rates Assumptions and Currency Sensitivity

| Average Exchange Rates vs. JPY | | | | Impact of depreciation of yen from October 2023 to March 2024 (100 million JPY) | | | | |
|--------------------------------|----------------------------|----------------------------|-----------------------------|---|----------------|-------------------------|-------------------|----------------------------------|
| | FY2022 H1 Actual (Apr-Sep) | FY2023 H1 Actual (Apr-Sep) | FY2023 Assumption (Apr-Mar) | | Revenue (IFRS) | Operating Profit (IFRS) | Net Profit (IFRS) | Core Operating Profit (non-IFRS) |
| USD | 131 | 140 | 137 | 1% depreciation | 95.2 | 3.5 | (0.5) | 24.8 |
| | | | | 1 yen depreciation | 69.5 | 2.6 | (0.4) | 18.1 |
| EUR | 138 | 153 | 145 | 1% depreciation | 27.4 | (18.8) | (15.3) | (14.3) |
| | | | | 1 yen depreciation | 18.9 | (12.9) | (10.5) | (9.9) |
| RUB | 2.1 | 1.6 | 1.6 | 1% depreciation | 2.1 | 1.1 | 0.9 | 1.3 |
| CNY | 19.7 | 19.8 | 19.8 | | 9.9 | 5.8 | 4.4 | 5.8 |
| BRL | 26.3 | 28.5 | 28.5 | | 5.4 | 3.3 | 2.5 | 3.3 |

Important Notice

For the purposes of this notice, “report” means this document, any oral presentation, any question and answer session and any written or oral material discussed or distributed by Takeda Pharmaceutical Company Limited (“Takeda”) regarding this report. This report (including any oral briefing and any question-and-answer in connection with it) is not intended to, and does not constitute, represent or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. No shares or other securities are being offered to the public by means of this report. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom. This report is being given (together with any further information which may be provided to the recipient) on the condition that it is for use by the recipient for information purposes only (and not for the evaluation of any investment, acquisition, disposal or any other transaction). Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The companies in which Takeda directly and indirectly owns investments are separate entities. In this report, “Takeda” is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

The product names appearing in this document are trademarks or registered trademarks owned by Takeda, or their respective owners.

Forward-Looking Statements

This report and any materials distributed in connection with this report may contain forward-looking statements, beliefs or opinions regarding Takeda’s future business, future position and results of operations, including estimates, forecasts, targets and plans for Takeda. Without limitation, forward-looking statements often include words such as “targets”, “plans”, “believes”, “hopes”, “continues”, “expects”, “aims”, “intends”, “ensures”, “will”, “may”, “should”, “would”, “could”, “anticipates”, “estimates”, “projects” or similar expressions or the negative thereof. These forward-looking statements are based on assumptions about many important factors, including the following, which could cause actual results to differ materially from those expressed or implied by the forward-looking statements: the economic circumstances surrounding Takeda’s global business, including general economic conditions in Japan and the United States; competitive pressures and developments; changes to applicable laws and regulations, including global health care reforms; challenges inherent in new product development, including uncertainty of clinical success and decisions of regulatory authorities and the timing thereof; uncertainty of commercial success for new and existing products; manufacturing difficulties or delays; fluctuations in interest and currency exchange rates; claims or concerns regarding the safety or efficacy of marketed products or product candidates; the impact of health crises, like the novel coronavirus pandemic, on Takeda and its customers and suppliers, including foreign governments in countries in which Takeda operates, or on other facets of its business; the timing and impact of post-merger integration efforts with acquired companies; the ability to divest assets that are not core to Takeda’s operations and the timing of any such divestment(s); the extent to which our internal energy conservation measures and future advancements in renewable energy or low carbon energy technology will enable us to reduce our greenhouse gas emissions; and other factors identified in Takeda’s most recent Annual Report on Form 20-F and Takeda’s other reports filed with the U.S. Securities and Exchange Commission, available on Takeda’s website at: <https://www.takeda.com/investors/sec-filings/> or at www.sec.gov. Takeda does not undertake to update any of the forward-looking statements contained in this report or any other forward-looking statements it may make, except as required by law or stock exchange rule. Past performance is not an indicator of future results and the results or statements of Takeda in this report may not be indicative of, and are not an estimate, forecast, guarantee or projection of Takeda’s future results.

Financial Information and Certain Non-IFRS Financial Measures

Takeda's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

This report and materials distributed in connection with this report include certain financial measures not presented in accordance with IFRS, such as Core Revenue, Core Operating Profit, Core Net Profit, Core EPS, Constant Exchange Rate ("CER") change, Net Debt, EBITDA, Adjusted EBITDA and Free Cash Flow. Takeda's management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this presentation. These non-IFRS measures exclude certain income, cost and cash flow items which are included in, or are calculated differently from, the most closely comparable measures presented in accordance with IFRS. By including these non-IFRS measures, management intends to provide investors with additional information to further analyze Takeda's performance and core results, including when controlling for the effect of fluctuations in exchange rates. Takeda's non-IFRS measures are not prepared in accordance with IFRS and such non-IFRS measures should be considered a supplement to, and not a substitute for, measures prepared in accordance with IFRS (which we sometimes refer to as "reported" measures). Investors are encouraged to review the definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS measures.

Medical information

This report contains information about products that may not be available in all countries, or may be available under different trademarks, for different indications, in different dosages, or in different strengths. Nothing contained herein should be considered a solicitation, promotion or advertisement for any prescription drugs including the ones under development.